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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Agriculture and Food

Third Session, 32nd Parliament

Wednesday, June 1, 1983

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, June 1, 1983

The committee met at 10:12 a.m. in committee room 1.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

Mr. Chairman: I call the meeting to order. We are here for the estimates of the Ministry of Agriculture and Food. With the indulgence of the committee, I would like to do one thing. The clerk has passed around a budget which he tells me the Board of Internal Economy wants.

I know there are many substitutes here today, but I can assure the committee that I know of no plans for the committee to meet during any recess. Notwithstanding that, if an emergency comes up and we do meet, we will have a budget. It is the same as last year; a little less than last year. I understand they are asking for it, so it is there.

Can I have a motion to approve the budget?

Mr. Samis moves that the budget be approved.

Motion agreed to.

Mr. Swart: Will we be meeting this summer?

Mr. Chairman: The clerk tells me that the Board of Internal Economy has asked for that in case we do meet. I questioned it, because that often leads one step closer to meeting. That did not particularly suit me, but we have complied with their request.

Mr. Haggerty: Just on that question, this should have been submitted a week ago to the committee on general government so some of the actual members could have discussed this in some detail. You are looking at an estimated expenditure of over \$100,000. You are asking for someone to support something this morning with which they are not familiar. Maybe some of the those who are on the committee are not too familiar with it.

Mr. Chairman: They are not expenditures; they are authorization for the committee to be reimbursed up to those amounts should we meet in the interim. Quite honestly, I do not disagree with what you are saying.

I have a notice that Bill 43 is also referred to us. I would presume there may be other people involved with that and we could meet informally on that between now and next Monday.

We have the Minister of Agriculture and Food (Mr. Timbrell) here who has an opening statement for us.

Mr. Samis: May I just make a point of comfort, Mr. Chairman? Can anything be done to add a little more cool air to the environment? I know hot air will be entering the premises. It is a little stuffy in here.

Mr. Chairman: On a point of comfort, I do not know. We are looking into that right away.

Mr. Riddell: On a point of order, are we going to get a copy of the minister's statement so we can follow along and make some notes as we go?

Hon. Mr. Timbrell: I was changing and editing the statement up to 8:30 a.m., so it is on the presses now. As soon as they are printed, they will be brought over. I will read slowly.

Mr. Swart: When do you anticipate they will be brought over?

Hon. Mr. Timbrell: As soon as they are ready.

Mr. Swart: I assumed that, but what time?

Hon. Mr. Timbrell: I don't know.

Mr. Samis: Did Bill Newman always have his ready, Mr. Chairman?

Hon. Mr. Timbrell: Mr. Chairman, I am pleased that we are considering the estimates this year in this committee. I think I made the point, when we did our last set of estimates in committee of the whole House, that I preferred to do it in this kind of a setting. When we get into more detailed matters, it is easier to exchange information and points of view and have a rational discussion in this kind of a setting than it is across the floor of the assembly.

I do have a statement to make now. As you know well, Mr. Chairman and members, my ministry has a vast array of programs which it delivers to the agricultural and food sectors of Ontario's industry. To help committee members examine this broad range of services, I have asked the three assistant deputy ministers to be part of this opening address and to focus on some key areas. These assistant deputy ministers are in charge of areas ranging from research and education through to the final marketing of the product, both fresh and processed.

I believe my ministry can rightly be referred

to as all-encompassing. It is a regulator, it is a researcher, it is an investment counsellor, a marketer, a promoter and economic policy maker for the rural regions of this province. In their later presentations, my assistant deputy ministers will deal with three major fields of endeavour within my ministry.

1. Research, education and technical services. Headed by Dr. Clare Rennie, this group places its emphasis on direct production. It provides technical courses at our five colleges of agricultural technology, researches new strains of crops or methods of animal husbandry and passes on advice to farmers through extension services operated at the county level through the province. Starting in 1907 it is, as a matter of fact, one of the longest-standing services of the provincial government.

We are tremendously proud of the research undertaken through our colleges of agricultural technology, our research stations and through the University of Guelph under contract. For the fiscal year 1983-84 we have devoted \$35 million to this research.

Through our five colleges and the University of Guelph, we offer diploma courses in agricultural production, management and food services. Our current enrolment is more than 1,600 students, and I think it goes without saying that we are very proud of these young people. They become the best farmers in the world.

Our extension services are not only the backbone of the ministry, but are, in a very real sense, the backbone of agricultural knowhow and progress. Through these services we keep the farmer up to date with new technology and with our research findings. Our farmers also have close relationships with our agricultural representatives and their offices are the main vehicles for delivery of our services.

Through the years our extension courses and agricultural representatives have built up great personal contact and trust between the ministry and the farmer. This group of Dr. Rennie's also includes our veterinary laboratory services, our plant industry and pesticide lab services and other technical advice services that are available to farmers and vets on a fee-for-service basis.

I think we have in this province an infrastructure for research and education that rivals any in the world. We intend to keep it that way through constant improvements, both in our staff organization and in our equipment and procedures.

2. The second group you will hear from is

marketing and development, headed by Bill Doyle. This group focuses on the various marketing mechanisms in place in the province. This ranges from the administration of the various producer marketing boards to our direct marketing programs concentrating on the export area.

Domestically, we operate various marketing programs, highlighted, of course, by our Foodland Ontario marketing strategy, which provides a distinct identity for Ontario products. This program helps our local products to compete favourably with imported goods and will, over the long term, displace much of that imported product.

10:20 a.m.

Within this division lies the responsibility for quality and inspection services. Ontario has a reputation for quality in its food products and we maintain this reputation through our inspections and our testing programs. Often we find ourselves acting as the impartial third party between grower and processor in grading product and our refereeing role is surprisingly well accepted by all parties. Being the umpire in any area is a ticklish job, but I think we are succeeding both in diplomacy and in fairness across the board.

The development side of this division is aimed at the provincial land base. Through our programs we try to enhance and protect agricultural land through the application of the Food Land Guidelines. Part of this program includes our tile drainage assistance, which helps to improve the capacity of crop land. This is a core program of my ministry and one which has turned literally hundreds of thousands of acres of land into productive property and has increased the yield of other land by impressive amounts.

3. Dr. Ralph Benson, who oversees ministry finances and policy planning, will wrap up with an outline of our various assistance programs. As you know, over the past several years many Ontario farmers have relied heavily on these programs and they have been extended or broadened in some cases. These assistance programs with which he will deal range from the Ontario farm adjustment assistance program, farm tax reduction program and crop insurance to stabilization.

The estimated spending for each of our ministry's four major areas for the fiscal year 1983-84 is: for administration, \$13.2 million; marketing and development, \$73.1 million; for technology and field services, \$81.7 million; and, for financial assistance, \$126.7 million. The

total budget estimated for my ministry for the year 1983-84 is \$294.7 million.

I think it is only fair to add that our financial base is strengthened through a five-year, \$58.25-million commitment from the Board of Industrial Leadership and Development for agricultural development in the province. These figures are not included in the estimates. Two thirds of this commitment is being directed into developing the food processing capability in the province and upgrading growers' fruit and vegetable storage and packing facilities.

However, these and other components of the ministry's areas of responsibility will be elaborated upon in much greater detail by my assistant deputy ministers and I am sure that this approach will interest committee members.

At this moment I would like to explore agriculture and food processing on a broad scale, in fact, on a world scale, for Ontario is very much a member of the global agricultural community. We are, in fact, a significant trader of agricultural produce and of finished food products. Our products are known and favoured in many nations.

The recent recession has had two major effects on agricultural trade. Global demand has been reduced through lower real income and higher unemployment, and protectionist policies designed to insulate the domestic markets of various economies from the worst effects of the recession have been put into place. The latter is potentially far more serious, because such policies are not easily terminated when economic prosperity returns.

Canada is interested because 30 per cent of its production is exported. Our level of trade to most areas has continued to grow, but especially to some nontraditional areas such as the Middle East, Africa, Asia, Central and South America. In the European Economic Community, agricultural subsidies were a major question being addressed at the General Agreement on Tariffs and Trade talks recently in Geneva.

The United States has objected to EEC agricultural export subsidies because they threaten their exports to Third World countries. The current GATT agreement, under article 16, opposes agricultural export subsidies but no effective procedures exist to prevent them. The EEC was granted an exemption for agricultural products during the 1970 Tokyo round of multilateral trade negotiations. The only restriction was that the subsidies could not be used to gain an unfair share of the world market.

Briefly stated, the EEC policy operates as

follows: (1) The EEC establishes target prices for agricultural products; (2) various barriers to imports are put in place to prevent imports from undercutting the price; and (3) if farmers produce more than is consumed within the EEC, the excess is then exported with subsidies, if necessary.

To offset the EEC's perceived advantage, the United States has introduced programs, particularly the blended credit export program, to help sell the United States' farm output and to promote its agricultural exports. It has also threatened to put some of its significant dairy surplus on the market to bring down world prices and to erode the EEC's advantage by increasing the cost of EEC export subsidies.

Officially, the threat of a trade war with the European Economic Community has been reduced for the immediate future as members of the General Agreement on Tariffs and Trade have agreed to study the issues of agricultural export subsidies and to report back within two years. The United States has retaliated by selling Egypt one million metric tons of wheat flour over the next year. That deal was subsidized with \$117.7 million in Commodity Credit Corp. credit guarantees. The price was \$155 per metric ton, about \$100 under world prices. This one deal accounts for 17 per cent of total world trade of flour. The Egyptian market has been traditionally filled by France, and I am told that the effect of this deal is that three or four mills in France have been completely shut down.

In late March the United States began negotiating another deal with Egypt. This contract calls for 24,000 metric tons of butter and 12,000 metric tons of cheese at cut-rate prices. The continued export of United States dairy surplus will upset world prices for these products, which have been set over the last three years by two of the world's principal exporters, namely the European Economic Community and New Zealand.

It is difficult to tell where this may end right now, with both sides considering more retaliation. It is clear, though, that the pressure for a protectionist environment will gain new encouragement with the potential for all countries suffering if this dispute is allowed to escalate further.

The financial situation in developing countries is also a concern for all, and should be. The serious financial problems of the developing countries, both energy and non-energy principalities, reflect three years of world recession from 1980 through 1982. The depression brought

depressed commodity prices and the sharp slowdown in the growth of world trade which, in turn, produced increases in current account deficits and growing problems in serving external debt.

With debt service burdens rising, many developing countries have been forced to stop development programs and accept severe restrictions in growth rates. Consequently, there is a need to reschedule external debt for some of the developing countries. Argentina, Mexico, Ecuador, Brazil and Chile, with debt ratios in excess of 100 per cent in 1982, have already begun debt refinancing. The next most vulnerable group is Venezuela, Colombia, the Philippines, Peru, Iraq and South Korea.

So there is some legitimate concern that there will be an overall slowdown in lending to developing countries from the international financial system when a continued supply of funds is what they need most.

The United States Department of Agriculture's farm programs are also having a major world impact and some may be worthy of mention here. Specifically, the reduced acreage program—or RAP as it is known—is aimed at lowering acreage in 1983 by temporarily removing land from production. Payment in kind, known as PIK, has been announced to induce farmers to take additional land out of production by paying farmers with government-held produce and reduced government expenditures for storage. Under PIK, producers of feed grains, wheat, rice and cotton may reduce acreage by an additional 10 to 30 per cent of base. They will receive payment in goods rather than in cash.

Not many analysts are ready to put figures on the impact of the United States farm program in 1983. USDA officials estimate there will be significant stock reductions in 1983-84, compared to levels under previously announced programs. Wheat stocks at the end of the 1983-84 marketing year are expected to be down 10 per cent from previous years, along with declines of 45 per cent in corn stocks, 30 per cent in cotton stocks and 50 per cent in rice stocks.

For 1983, however, supplies will likely be large and prices relatively low. It is hoped that the program will bring supplies and demands into balance and improve prices in 1984 and beyond. USDA estimates the PIK program will reduce expenditures for imports by three to four per cent. Pesticides and seeds will decline the most—five and seven per cent respectively.

Machinery purchases may drop one per cent and fuel by two to three per cent. These reductions in farm expenditures are expected to result in increased net farm incomes in 1983.

10:30 a.m.

What this may all amount to, according to industry sources, is real gross national product growth of the United States to be up one to three per cent for all of 1983 compared to 1982, with an average of two per cent for this year compared to a drop—underline the word drop—of 1.8 per cent last year.

The US inflation rate will be significantly lower, with a prime rate set in New York of less than 10 per cent on average during 1983. The United States expects the unemployment rate to remain high, as do most western countries.

As a result of those predictions, one could say that the United States economy will be in a recovering state during this fiscal year. The caveat has to be that the size of this recovery may be relatively modest and perhaps disappointing to many who have higher hopes. Certainly, it will not rebound as occurred in the post-Second World War recession recovery periods.

As you are all aware, the United States is our major trading partner. Their movements and activities have a major impact on our economy; indeed, on the world's. In fact, the United States supplies two thirds of Ontario's imports and takes 45 to 50 per cent of our exports. Consequently let us look at the key agricultural and food industry trends projected over the next few years in the United States. These were compiled by the US Livestock Business Advisory Services, a market outlook and market research consultation firm.

They have predicted that cattle and beef prices will peak during the second quarter of this year—in fact this month. The experts say prices will drop by the fall and winter of 1983 by at least \$8 to \$12 per hundredweight. Hog prices will head higher this summer but will also decline into the fall and into next spring compared to current highs. Total red meat supplies will grow substantially during the fourth quarter this year and into the first quarter of 1984.

Beef cattle liquidation should continue in the United States during 1983-84. At the same time, inventory will build, so that beef production will decline during the 1986 to 1989 period. During these years, prices for cattle will climb higher as supplies drop. Consumer demand for red meat is expected to continue very low in the United

States this year and next, contributing to the decline in production in later years.

Hand in glove with domestic buying will go a very low demand for meat and grain in world markets during this year and next. Wheat prices also have peaked and will trend lower into harvest, while corn and soybean prices will trend higher into July and August and then drop in late 1983 and 1984. These are all the predictions of this American agency for the United States.

In short, this look at the US economy, and farm prices in particular, tells us that although the general economy is climbing back, with the exception of employment prospects, the farmer and the food processor still face periods of low commodity prices and slow world trade.

Moving to Canada, we naturally see parallels with the American situation. Our agricultural sector has been hard hit by the recession which brought us low prices in the major commodity markets as well as all the ills of the poor economy. The farmer has been suffering through problems such as the high cost of credit at home and the drying up of credit on the world scene, which has led to the demise of many once-lucrative export markets. It is because foreign nations cannot find the money to buy grain that North America finds itself with a surplus of that product. People want our goods, they just cannot finance them.

I repeat that Ontario is not insulated from the impact of world market forces. We are directly linked to the overall state of the North American agricultural economy. The impact of high interest rates has been felt as much in agriculture as in any sector, as it is a high-risk business at the best of times.

Fortunately, as in the United States, we have noticed an improvement in the economy recently. Interest rates have fallen. However, this does not mean that the credit crunch is over. We are in a recovery but that comeback is fragile and gradual. My litany of commodity price woes in the United States can be repeated for Canada.

The silver linings that we might see on global clouds are very thin. We can only say that the future is less uncertain than it was 12 months ago. We cannot offer much improvement in the price situation over the medium term. There is a potential, in world terms, for fierce and sometimes unfair or heavily subsidized competition.

It is clear that Canadian and Ontario farmers and food processors must step into the future with great care. They must do all that they can to effect gains in productivity through increased

efficiencies and do all that they can to maintain their positions without sliding back one inch.

I might note here that the watchword of my ministry has been, and will be, progress through increased efficiency. I think we have in fact been innovative in our approaches to new needs and challenges brought on by the economy. We have kept spending within reason and fiscal prudence, but we have continued to deliver programs to meet the demands of the agricultural and food sector.

I will not go into detail at this point except to note that our Ontario farm adjustment assistance program has eased credit access and debt load problems with farmers rather dramatically at fairly low cost. Our export promotion programs have found what business there is to find on traditional and new world markets, and our various other programs have kept farmers up to date on market fluctuations, on farm management improvements and other ways to remain competitive.

Turning to financing: now that I have completed my preamble, Mr. Chairman, I would like to continue in the financial area to detail some of our newer approaches to helping farmers cope with the problems of their pocket-books. I would like to begin this section by turning to the subject of farm credit.

Farmers are good risks. A 1981 study by the Farm Credit Corp. showed that Ontario farmers owned 83 per cent of their assets, and since the average farmer here has an investment of about half a million dollars, that is considerable equity. That ownership of equity may have dropped somewhat because of a recent drop in land values, but it is still a higher rate than for just about any other business sector.

However, the total indebtedness of Canadian farmers has multiplied 3.5 times since 1971. By 1981 the banks' share of those loans had reached 45 per cent. The remaining 55 per cent came from the federal Farm Credit Corp., private lenders, trust companies, credit unions and others, including supply companies. In Ontario alone, the total volume of farm loans by banks and other commercial lenders is now more than \$5 billion, and that is about a fifth of business credit in the province.

In general then, farmers have been good users of credit, and from the lender's point of view have been good risks and a potential pool of new business.

The most serious problems in the lending field are concentrated among those farmers who entered business, or expanded sharply

three or four years ago on the brink of the recent recession. Those farmers entered debt positions on the tail end of the boom of the 1970s. Those were heady years with rising land values, lower interest rates and few signs that indicated that a bust was due. Young farmers, in particular, saw the chance to start at the top with a full farm instead of working their way up as their parents had. Money was borrowed more on the basis of equity security than on the traditional basis of the ability to service debt through income.

The crunch brought a sudden end to that kind of thinking. For many, it was the first time that they took a serious look at their cash flows, and some had to face the fact that they were in the red. In fact, some had to admit that they had never been profitable from an income point of view.

I do not think that hardworking, well-intentioned farmers should suffer and perhaps fail when they have operations which are potentially viable. That is why my ministry has been working, along with the government in general, with the banks and other financial institutions, to preserve farms and help farmers who, with a boost, can help themselves.

Our major program to help farmers surmount credit difficulties is, as you know, the Ontario farm adjustment assistance program. This was introduced in January 1982 and has been extended to the end of this calendar year. The OFAAP program helped more than 3,500 farmers during 1982 and we have received 864 renewal applications and 155 new applications for the 1983 phase.

The most popular option in 1982 was interest reduction grants—equivalent to up to five percentage points—on indebtedness totalling over \$650 million. We approved guarantees on \$41 million for new lines of credit offered by lenders at the prime rate. For 1983, guarantees are being used much more heavily. Besides those incentives and guarantees, over a quarter of a million dollars in interest payments have been deferred under government guarantees.

Apart from offering farmers real and often life-saving assistance, our OFAAP program has reduced friction between farmers and credit grantors by reinforcing their interrelationship and easing the economic strains.

Despite all of our best intentions and efforts, there were 176 farm bankruptcies in Ontario last year. Sometimes this cannot be avoided. I might add, not by way of justifying ourselves, that among small businesses, bankruptcy in

absolute numbers is five times greater than in agriculture nationwide.

Recently I met with each of the five major chartered banks. All of them assured me they still have confidence in agriculture, and all of them assured me that they considered farm lending a good risk. The banks have pledged to accommodate the needs of Ontario agriculture by making available an adequate volume of credit. However, all lenders' banks will be taking a different approach to avoid some of the difficulties I have mentioned.

In general, both lenders and farmers place greater emphasis on cash flow and profitability when deciding upon a loan. They will no longer rely so much on inflation to boost asset value.

10:40 a.m.

Those meetings were held during February and March against a backdrop of press reports that credit was drying up. We certainly did not find that; we found just the opposite in our meetings.

To help farmers become more familiar with their real viability—their cash flows rather than the value of their holdings—my ministry has been strengthening the financial management capabilities of farmers and especially their financial record keeping. The Ontario farm adjustment assistance program includes financial counselling as part of the application process. Extensive farm livestock and management courses are operated through our extension services.

I looked at some figures a month or so ago for the numbers of farmers attending the livestock and management courses during January and February. In those two months alone we had—if memory serves me correctly—something like 9,000 or 10,000 people attending these courses, which is a very impressive rate of participation.

The future for farm credit is considerably brighter now that the federal Farm Credit Corp. has received parliamentary authority to raise funds on the private capital market. Prior to this move, FCC's share of long-term farm debt had been falling sharply from 70 to 20 per cent nationwide and in a very short period of time between 1976 and 1981. The corporation should now be able to reverse this trend and provide ample funds to keep pace with demand. In fact, they recently issued their first bond issue, having borrowed \$50 million on the international money markets with the stated intention of borrowing much more to augment the money which is granted to them through the consolidated revenue fund of the federal government.

In the final analysis, Ontario believes long-

term farm lending is a federal responsibility. In 1968, there was an agreement struck between the federal government and the provinces to give the federal government primacy in this field through the Farm Credit Corp. We still stand by and accept that agreement.

Mr. McKessock: Was that made with all provinces?

Hon. Mr. Timbrell: I believe so. That was when Mr. Olson was the federal minister.

On the other hand, we do perceive an unfilled need by one very special group of farmers—that is the stream of talented young people who are just beginning their farming careers. These young people are the guarantee of future food security of this province.

These young or beginning farmers face major barriers today. Once upon a time they could turn to their families or local lenders for ample funds to start them in business. Today that kind of, if you will, “down-home” financing represents about 15 per cent of the picture—and that is still significant. However, they have to go to the banks and other commercial lenders because most families and friends cannot advance the enormous sums of money needed to begin a farm operation today.

In more and more cases, family members who might previously have been prepared to lend money at very low rates were also prepared to stay on the farm and work with them. Now more and more people in the farm community want to retire the way everyone else does—have their own home, the flexibility to travel and partake of other interests. That requires them to get their money out of the farming operation into which they have put their working lives.

As was mentioned in the provincial budget, we are introducing a program to help these beginning farmers get a fair start. We will be providing interest subsidies up to five percentage points for five years on eligible loans. We estimate up to 1,000 new farmers will benefit each year from this new program. At current interest rates, this program is expected to provide \$9 million in interest subsidies in the first full year and as much as \$135 million over five years.

Over the short term we hope that the improvement in the economy in general will continue and strengthen, easing credit and lowering interest rates. Over the longer term, we have the growing hope that our dream of a national farm income stabilization scheme will come true.

Last year, I detailed our attempts to initiate a nationwide dialogue, and the first steps towards

a plan which would involve the federal and provincial governments and the producers in a tripartite program that would be voluntary and eventually cover all commodities not under supply management agreements.

Subsequent to that, this past March, in Toronto, the provinces and the major producer groups agreed to create a task force to develop a national stabilization plan. This body has now met four or five times, I think, to draft recommendations for such a plan. It is scheduled to report at the annual meeting of federal-provincial agriculture ministers set for mid-July in Prince Edward Island.

The program that could come from the work of this task force would assure farmers and their lenders of a minimum floor price below which farm returns would not sink for those participating voluntarily in the plan. This would create an atmosphere free of much of the doubt and friction that has marred the past few years.

I must say, on that, that we have had excellent co-operation from the other provinces. There were meetings in Winnipeg, Edmonton, Vancouver, and here in Toronto, of course. There is another one coming up next week in Quebec City. Each meeting has involved the provincial representatives. There have been people there from the producer organizations, so it has been completely open in that respect.

The federal government has sent an observer to all the meetings. Of course, I would have preferred to see the federal minister give that person authority to speak for the federal government and to take a stand on the various issues discussed. Unfortunately, that has not come to pass.

Mr. McKessock: Has Quebec been participating?

Hon. Mr. Timbrell: Yes, very actively.

Quite frankly, the second last time I had a meeting with the federal minister, I looked him straight in the eye and said, “You know, we have really made more progress than you ever thought we would.” He did not deny it.

I was not saying that in a pejorative way, because I really could not blame him for holding that point of view, given the history in this country of the provinces not agreeing on certain issues. However, we have made really good progress.

Turning to the question of land, I have mentioned our objectives of preserving farms which are potentially viable, and of helping young farmers begin operations, but help to people is not much good if those people do not

have the land on which to grow crops and raise livestock. Preservation and enhancement of our land base is a prime concern of my ministry, and one we have been addressing for a very long time.

One of the single most important programs of my ministry is the tile drainage program, which is responsible both for improving the productivity of farm land and for putting more land into agricultural production. We intend to spend about \$30 million in this fiscal year on this valuable and extremely popular program. Through the tile drainage program and the efforts of farmers themselves, dealing with the crop land alone, Ontario actually added one million acres in the years between 1971 and 1981.

So, in terms of actual acreage under crops and farm productivity, we have, in this area, a real achievement. During the same period, farmers took about a million acres of marginal land out of production in one way or another, but their total productivity and production levels improved because of their use of better land and better methods. Tile drainage has played a very big part in this improvement of farm productivity and, consequently, incomes.

For those who are keeping track of statistics, I might add here that Ontario farmers have a total of 8,976,664 acres of land under crops, and a grand total of 11,165,587 acres of land either under crops or in use as pasture land, as of the 1981 census.

Preservation of this land prevails as a very high ministry priority. We have had food land guidelines in place since 1978. These guidelines have provided excellent direction to municipal governments, the province and to farmers alike. They have also been well received, judging by the number of municipalities which have incorporated them into their official plans.

We are currently involved in updating these guidelines in compliance with the changes in the Planning Act, recently proclaimed. Further, amendments to the guidelines in February of this year forbid mineral extraction from designated areas unless the land is restored for farm use after.

Mr. Haggerty: That is going to be tough to do.

Hon. Mr. Timbrell: Any of these things are.

My ministry continues to comment on all severances affecting farm land, with an eye to keeping productive land free for agriculture and to preserving potentially productive land for agricultural purposes in the future.

10:50 a.m.

If you talk about things that are tough to do, there is probably no more difficult issue in rural areas when it comes to land use than the question of severances, and the wide disparities of opinion among farmers themselves as to what is the appropriate policy on severances.

In April of this year, we implemented a five-year, \$25.5-million soil conservation and environmental protection program. This program provides grants covering up to half the construction costs, to a maximum of \$7,500, for erosion control, and one third of the cost of manure storage per farm, to a maximum of \$5,000. This program followed a study which showed that soil erosion costs Ontario agriculture about \$75 million a year. This was a study carried out by the Ontario Institute of Pedology.

I will deal later with our new program to open up agricultural lands in northern Ontario, and with our upcoming plans for farm tax reductions. All these programs are just some of the services we offer farmers so they can maintain the fine production records and the irreplaceable property that form the very foundation of Ontario agribusiness and its \$11 billion a year income.

From time to time, my ministry selects certain commodities which need additional support to improve their market share or price levels. Examples of such sector analysis and support would be our stabilization plan for growers of corn, winter wheat, soybeans, white beans and barley in 1982, or our look at the potential for a hay marketing system.

We have developed a program to aid in sheep production. With the help of the Board of Industrial Leadership and Development, we have designed programs to support production and a larger market share of strawberries, and to find ways to use whey, the byproduct in cheese production.

It is worth while at this time for me to take a detailed look at that very important and central sector in agriculture, the red meat sector. This has been an area of concern for the ministry for the past several years.

As you will all know, from the producer's point of view, red meat, and particularly beef, is an enterprise which is still relatively free from regulation and which can provide a good return from investment. As I mentioned in my preamble, however, the beef producer is particularly subject to the ups and downs of the marketplace, both in the long and short terms, and has little control over that marketplace.

For instance, consumer demand throughout

North America has slid downward because of the economy, not mainly because of the quality of meat or changing tastes. In fact, the per capita consumption of beef is down something like 20 per cent, from 110 to 88 pounds per capita, in the last three or four years.

In 1981, our concern reached a high point because producers were sustaining heavy losses due to high interest rates and static prices. We helped producers that year with emergency beef payments on stockers, slaughter cattle and beef cows.

Our Ontario industry was also hit by competition from more modern efficient plants in western Canada, as well as by the reduction in consumption. At that time, my ministry began a series of in-depth studies to see how we could improve various aspects of the red meat sector.

We have found the Ontario cow-calf industry is not typified by any one producer but is a complex mix of production systems ranging upward from the small or hobby farm. These part-time operations actually make up 34 per cent of all cow-calf cattle farms which were studied. In the minority, in fact, are the large-scale operations.

These producers are, by and large, a stable group, with 39 per cent having no liabilities and the remaining producers having, on average, a 76 per cent equity position. While the supply base is stable, however, this sector does not present the major growth opportunities which would be required to replace all of our imports of western feeder calves, should this supply become available.

Unfortunately, the processing component of the red meat sector in Ontario's agricultural picture has been suffering through almost 20 years of low profitability. This industry has a great need for rationalization—in fact, rationalization is being forced on the industry, as we have seen recently—and that need is hastened by the fall-off in consumer demands.

One of our studies explored the attitude of the beef farmers themselves to innovation in their sector. In general, according to the replies to surveys, the producers do not favour intervention or organization by government for their sector. They prefer a free-enterprise, unregulated marketing system, despite the risks and the exposure to sudden shifts in prices and demand.

It is important that the provincial government give support of some kind to this sector because of its importance to Ontario. The red meat industry is our largest single agricultural unit. Last year 5.6 million cattle and hogs were

fattened and slaughtered in Ontario. That was worth \$1.8 billion. The processing industry is worth nearly \$3 billion in yearly income and employs thousands of people. Its survival and its health must be a provincial concern.

The question before my ministry has been how to preserve the red meat sector, how to protect it from the biting winds of recession and the chill of unfair competition, and how to keep it up to date without interfering with the free enterprise spirit of the producers. I placed the red meat sector at the top of my own priority list for 1982, and again for 1983.

Last year I brought in the financial protection plan for beef producers, which licenses all livestock dealers and guarantees producers compensation when cattle buyers default on payments. That is a basic insurance scheme paid for mostly by the producers and the buyers themselves.

I have explained earlier that the national farm income stabilization plan would cover beef, pork and sheep in its initial stages and would be a tripartite arrangement, with the producers entering on a voluntary basis and sharing costs equally with each of the governments.

Now we have a series of studies showing us specific directions we can take to further help this sector remain viable. We will follow these studies with seven regional meetings this month throughout the province, so that all organizations involved in this sector can be in on the planning of future support for this vital part of our agricultural and food processing industries.

We are searching for a long and strong recovery for those red meat producers who have been rocked by the recession and shifts in consumer demands, and for continuing health for those producers who have remained relatively unscathed through the past few years.

There is another sector which has been deserving of our support and a target of our long-range planning, namely, the producers of our chickens, eggs and turkeys. These industries include about 6,000 producers throughout Canada and generate farm gate sales of more than \$1.2 billion a year.

The national marketing system for these commodities is based on the supply management concept. That system, as you are aware, maintains stable farm returns by regulating production. Ontario has supported this concept throughout its history, including a time in the mid-1970s when the system was under attack. Our support then led to the courts and, thus, to a landmark decision by the Supreme Court of

Canada which upheld the legal authority of the marketing agencies and the boards.

It is unfortunate in the extreme, therefore, that it is Ontario which has been disappointed with the performance of the national marketing agencies. We don't think the system has kept pace with market forces and economic realities. While consumption and production trends have shifted, the system has remained unmoving, glued to the past.

The area that troubles us is that of overbase quota, the allocation of growth in production to meet the anticipated growth of the market. We think the national marketing agencies have pursued overbase policies which are both uneconomic and unfair.

The chicken and turkey agencies still allot new production in exactly the same proportion as the old, even though economic conditions have changed markedly since the plans were created. The egg agency has proposed overbase formulae, which we view as discriminatory against the most efficient producers, including Ontario.

The market has changed in a variety of ways, led by a change in consumer preference for fresh as compared to frozen chicken, a trend towards meals away from home and a sharp gain in the population and affluence of the western provinces.

As a result of the short-thinking and outdated allotments of the marketing agencies in failing to cope with these market changes, we find such problems as Ontario chickens being shipped prematurely and at lower than usual weights to meet unsatisfied demand, as well as eggs flowing uneconomically from high-cost provinces to low-cost provinces. Since the national marketing system was established, Ontario producers of all three commodities have reported near zero growth, despite superior productivity and proximity to the country's largest markets.

If overbase quota were allotted to the most efficient producers we would see definite improvements, such as a lowering in the cost of live turkey from Ontario producers to processors, and a boost in the consumption of chicken throughout Canada.

I made these arguments last week on Friday, May 27, in Ottawa, at a meeting of signatories to the national poultry marketing plans. This, I should add, was a meeting which Ontario had asked the federal ministry to call.

Our position as outlined at this meeting is based on two principles: Each province has an assumed right to its own provincial market, but

each province also has the right to compete in other provinces where the landed cost of its product is at or below the domestic cost of production.

This approach then leads to a very simple formula. Overbase quota should be allocated to the provinces according to the share of the national market over which they enjoy an advantage. This simple formula, backed with better market research and intelligence on a continuing basis, should result in overbase quota allocations premised first and foremost on market forces and competitive realities.

11 a.m.

It should reward efficient producers equitably, serve Canadian consumers effectively, and build dynamic industries. We cannot accomplish these objectives with an unrealistic and unresponsive approach to overbase quota allocation.

We had what I think was a very productive meeting on the issue and agreed to discuss it further at the July meeting of agriculture ministers in Prince Edward Island. To digress from my notes, each of the provinces stated its points of view on the morning of May 27. I led off. I delivered a paper which I think was sent to all of your offices. That was followed by responses from ministers, deputy ministers or producer representatives from each of the provinces.

It was clear, as I said at the opening of the afternoon session last Friday, that there was no consensus on the issue. It was also clear that everybody had a different understanding of the criteria that are supposed to govern these issues, particularly that of overbase quota allocation.

I made the point, which did receive support from a number of provinces, that we need to have a body at the national level with respect to these agencies, whether it be the National Farm Products Marketing Council or some other body. It would be appointed by, and directly responsible to, the federal Minister of Agriculture. Any of the signatories who were displeased with the way this issue or any other issue was dealt with by the particular agency in question could appeal to this body.

I hope I made the point clearly that in every one of the provinces we certainly have a body that does that. We have a tribunal in Ontario that can hear appeals on quota allocation and on pricing matters. Every other province does it in a slightly different way, but the process is the same. Nationally, nobody really has any effective authority to oversee the activities of the egg, chicken and turkey agencies.

In fact, the federal minister started the meeting off Friday morning by bemoaning the fact that the chairman of CEMA, the Canadian Egg Marketing Agency, has been effectively stripped of all his authority by bylaws of the agency.

I shouldn't say it could not, but it probably would not happen provincially in this province or in any other province, because we have the authority under the farm products marketing legislation to approve their bylaws. If we saw that happening, we would blow the whistle and stop it.

At this point, nobody in Ottawa has any effective authority to stop that kind of thing from happening. Nobody has any authority to hear appeals that are binding. The National Farm Products Marketing Council heard an appeal last year. I guess this was on pricing. They brought out a decision and published certain findings which CEMA then proceeded to ignore. There was no way that NFPMC could make it stick.

I think the federal minister certainly accepted that. He indicated that this is one of the things he has directed his staff to look at, ways to stiffen up the authority of the National Farm Products Marketing Council. We will be discussing that further in Prince Edward Island in July.

As I say, while there wasn't a great deal of consensus in the morning on this and the other issues, there was—I won't say total agreement, but among those who did speak in the afternoon, on the question of a strong national body accountable to the federal minister, there was considerable support for that notion. I am hopeful about that.

Mr. Riddell: The federal minister should have been well aware of that problem, I think, when Murray McBride, the former chairman of CEMA, resigned from that position. He knew full well that there were some things that had to be corrected at that time.

Hon. Mr. Timbrell: Be that as it may, the matter is now being brought to a head. I do not want to be too self-serving, but I think we can take some pride in Ontario that we are bringing those matters to a head through the paper we submitted.

It was not a paper, by the way; it was not a government paper as such. The whole matter arose out of concerns brought to the minister's attention quite some time ago by each of the three provincial boards. The approach that was adopted by the ministry, which predates me, is a good approach.

If they wanted to get anything done, they had to try to work out a common position. That took a lot of work on the part of people on the three boards, as well as the staff in my ministry. They finally did submit a document a couple of months ago, saying that this was what the three boards believed, which we obviously took a part in preparing. They conveyed that to Mr. Whelan and the other signatories. So I think that approach has certainly paid off.

Another aspect of Canadian policy affecting trade between the provinces and international markets is the Crow's Nest Pass freight rates, which I see by the morning paper have been further changed, so my comments will not be completely up to date.

These freight rates cover movement of prairie-grown grain to Pacific ports, Churchill and Thunder Bay/Armstrong. They were calculated to cover only 18.7 per cent of the costs involved in such movement for 1981-82, with the balance being covered by the railways and by federal subsidies. The low freight rates created a disincentive for needed railway investment in system expansion. Low freight rates have also held prairie grain prices high relative to world grain prices and thereby discouraged the prairie meat industry.

The question has been intensively studied over the past decade and alternative solutions have been vigorously debated among those with interests at stake.

On May 10, 1983, Bill C-155, the Western Grain Transportation Act, was given first reading in Parliament. The bill makes provisions for an increasing portion of grain movement costs to be borne by prairie grain producers and provides for continuing federal subsidies to be paid to the railways.

The exact sharing of expense between grain shippers and the federal government will depend upon volumes shipped and changes in real costs. Under one set of assumptions, by 1991-92, prairie grain producers will be assuming 57 per cent of the costs of grain movements. The proposals would mean a continuing and declining disincentive to on-prairie livestock feeding.

As I say, I see by the paper this morning that there were some further changes made yesterday by Mr. Pépin, so we may want to come back to that.

The railways are to make \$16.5 billion in investments in the rail system, thereby increasing the capacity of the system to sufficiently move all products into, out of and through the prairies and the Rockies. Ontario will benefit

because of the increased employment generated to provide for the railway expansion, because of the increased capacity, and because a more prosperous prairie economy will provide better markets.

Bill C-155 has not yet been passed by Parliament and could well be amended before passage. As I already said twice, it apparently is being amended. Ontario has recognized the difficulty involved in changing the Crow's Nest Pass rates in view of the vested interests involved. Ontario has presented co-operative views on the question.

We have not overlooked northern Ontario in our programs or our plans for the future—quite the opposite. This past month I announced the extension of two programs to help northern livestock producers. These programs, which have been extended to March 31, 1986, are the livestock improvement program for northern Ontario and the northern Ontario livestock transportation assistance policy.

Last year the province paid northern farmers nearly \$60,000 under the livestock improvement plan. This plan assists farms in buying breeding stock to improve their herds. Farmers are eligible for assistance, up to \$1,500 over the term of the plan, to help underwrite their purchases.

Our transportation assistance policy helps farmers in the north with the cost of transporting their breeding stock to their farms. Farmers can receive 50 per cent of transportation costs for stock bought in Ontario and one-third of the costs of transporting stock bought in Quebec or western Canada, to a maximum of \$2,000 a year.

Both of these programs were originally scheduled to end this year and, as I said, have been extended to the end of March 1986.

We have added to agriculture in the north in various ways in the past year. Last fall I opened the beef bull performance testing centre at the New Liskeard College of Agricultural Technology, a new centre which will bring those valuable services close to northern breeders.

Last week I was happy to go back to New Liskeard to open a new dairy barn at the college. That was part of a commitment made by my predecessor, the former Minister of Agriculture and Food, the Honourable Lorne Henderson, to develop a dairy teaching and research centre for the north. The dairy facilities at the college will cost nearly \$250,000, so they are a major contribution to extending agricultural expertise in the north.

11:10 a.m.

Besides dairy and beef, we want to see the grain industry grow in northern Ontario. The climate is ideal for canola, oats, barley and forage. In 1970 the north had a 35 per cent deficiency in providing feed grain for its own farms and livestock; in 1980, just ten years later, the north produced a 12 per cent surplus in feed grain. That is progress and proof that the north does have great potential.

A federal-provincial five-year program, offered through the northern Ontario rural development agreement, provides \$4.7 million to clear land and install tile drainage systems in the north.

My ministry is also developing various crop varieties best suited to northern agriculture.

Last week I was able to announce, during my visit to the New Liskeard college, a seed potato upgrading and distribution unit which we are establishing at that college. Coincidentally, that program has the acronym SPUD. This SPUD unit should be able to produce enough early generation seed stock to produce 80 per cent of this province's seed potato requirements by 1987.

We have a vision of agriculture in northern Ontario growing and prospering far beyond the dreams of people a mere decade ago. Northern Ontario is ideal for the growing of seed potatoes because of its disease-free growing conditions.

Through the SPUD unit, Ontario will have a direct role in improving the quality and type of seed potatoes sold to commercial growers. The \$1-million cost of this new unit will be shared among my ministry, the Ministry of Northern Affairs and the Board of Industrial Leadership and Development.

Each year about \$4 million worth of seed potatoes are imported from the Maritimes into Ontario. This unit is expected to initiate eventual generation of \$3.2 million a year in sales of provincially produced seed potatoes. This is a government investment that will pay off.

Perhaps the most important announcement I made up north last Thursday was the expansion of the facilities at the New Liskeard college. Some \$3 million in BILD money has now been pledged to expand the existing education building and to add staff offices, more classrooms, a library and other requisites to ensure a sound basis of education for our future agriculturists of that region. This initiative belongs to the capital improvement program announced in Mr. Miller's budget last month.

I would now like to deal with some specific issues and with some suggestions put to us by

several parties, including members of the opposition.

The first area of some controversy I would like to explore is our plan for a farm tax reduction program. The Ministry of Agriculture and Food has been designated as the policy spokesman for the government on farm property taxation. In this role I am speaking about a new policy developed by the government with respect to farm assessment and the tax rebates that are paid to bona fide farming operations.

At the moment, farms are assessed at their full rates, but 50 per cent of property tax paid on these farms is rebated by the province to those who apply. I make that point because I think that in any given year it is usually 20 to 25 per cent of those to whom application forms are sent who do not apply. Our new plan is to rebate 100 per cent of property taxes on productive land. The farm residence would be assessed and taxed as is any other dwelling in a municipality. However, the lot would be assessed at 50 per cent of the value of a residential lot in that municipality.

The objective of the program, which would come into effect next year, is to deliver assistance to those genuinely in the farming business and to correct imbalances that exist in the current system. We would also like to provide a farm tax program that is more sensitive to local needs since our proposed plan would include all taxes on farm land and farm buildings, but would apply more appropriate taxation to the farm residences.

In 1983-84 we estimate that \$63 million would be rebated to farmers in this manner. Curiously, this plan has raised some objections from farmers, although it would actually put more money back into the pockets, and more likely into the operations, of these same producers throughout the province.

Because we must be open to criticisms of the plan, I would like to say to this committee that our proposal is far from being etched in stone. We can be flexible and we are certainly willing to listen to those who fear that this plan would somehow endanger their rights of ownership. I am certain that we will be able to dispel any of these new and rather novel doubts about this rebate of taxes. It is a plan which will strengthen ownership rather than weaken it, and a plan which, like our other programs, is calculated to add to the farmer's capability and independence rather than detract from it.

We are not giving out a free lunch in exchange for extracting something later. The point is,

farmers will continue to pay taxes and to get the property portion of them rebated to enrich their stake.

I have also heard the views of the Leader of the Opposition (Mr. Peterson) on agriculture in Ontario and I appreciate his attention. On April 7 of this year Mr. Peterson delivered a speech entitled Meeting the Food Challenge. In that speech he called for changes in the agricultural sector, changes which we estimate would cost the taxpayers of Ontario an additional \$51 million in annual subsidies, \$200 million in annual loans and \$500 million for an open-ended capital assistance program.

I have tried to address some of the concerns raised by the Leader of the Opposition in the facts I have given you today about our ministry, agriculture and food processing in the province in general, and our various programs and activities with and on behalf of farmers.

For instance, in his overview statements, Mr. Peterson was concerned about a loss of one million acres of farm land between 1971 and 1981. I pointed out earlier that this loss has been mainly on marginal land, while crop land acreage has actually grown very well in this period.

Perhaps I might add that farm cash receipts during the decade in question increased from \$1,417,625,000 to \$4,951,666,000 in spite of poor commodity prices at times.

When I spoke of farm debt I also dealt with one of Mr. Peterson's concerns. He has made the point that farm debt has increased since 1971. In fact, it has gone up threefold, but between 1971 and 1980 the value of capital in farms increased fourfold. This means that equity held by farmers actually improved in those years from 81.2 per cent to 84.6 per cent.

Mr. Peterson, in his speech, lamented the fact that Ontario did not respond to a federal proposal in 1978 for the establishment of a national stabilization program. The fact is that we did respond favourably then to the federal gross margin income stabilization program. However, that program was withdrawn by the federal Minister of Agriculture and has not been brought forward since. The Honourable Mr. Whelan has, meantime, been requested repeatedly by the provinces and producers to reveal his plan for a red meat sector strategy. He has not done so, though we have been waiting for more than 18 months.

It is in the absence of a federal program that works, or proposals for one, that I felt it necessary for Ontario to take the lead in establishing a voluntary tripartite income stabiliza-

tion plan, which I have outlined for you again today.

I have mentioned the advisory committee and its review of Ontario farm adjustment assistance program proposals prior to a formal request by a farmer for assistance. These committees can and do provide an on-the-spot financial advisory service and seem to contradict Mr. Peterson's view that the ministry does not have an adequate financial advisory service.

Mr. Chairman, I began my statement today by saying that the watchword of my ministry in these harsh times has to be progress through efficiency. A large degree of efficiency and prudence, I would argue, has been shown consistently by my ministry and by the farmers of this province over the past three years, if not throughout our history.

The Leader of the Opposition suggested a need for stricter guidelines over preservation of farm land and for a farmer's bill of rights. He overlooked our existing food land guidelines, our current efforts to update these guidelines in compliance with the new Planning Act, and the fact that the Ministry of Agriculture and Food does comment on all severances affecting farm land.

He also overlooked the various pieces of legislation which protect the farmer and his land from conflict with non-farm people and more urban practices. I count 16 laws which protect the farmer and his land: legislation ranging from the Occupiers' Liability Act, which absolves the farmer of liability for trespassers, through laws which protect him or her from snowmobiles and careless hunters, to laws which protect him and his land from the actions of careless neighbours.

I think that the legislation on our books and our food land guidelines give Ontario farmers a pretty good bill of rights without limiting the rights of any other resident of the province.

I must thank Mr. Peterson for mentioning export programs. He called for an aggressive program of import substitution. That is certainly an invitation for me to say how pleased and proud I am of our aggressive import replacement policy and programs and of our efforts to find new markets and expand traditional markets abroad.

You will hear about these programs in more detail later from Mr. Doyle, but I can tell you that we undertook 17 export sales missions to 37 countries during 1982-83 alone. Total export sales last year amounted to \$1.6 billion. If you look at our record over the past five years, you

will see that we have helped more than 400 companies find markets for their goods.

On the domestic front we have promoted Ontario food as well as it can be promoted through our Foodland Ontario advertising campaign. Also, during 1982-83 about \$13.4 million in grants and loans were awarded to food processors under the Board of Industrial Leadership and Development incentives to encourage domestic food processing.

Mr. Peterson mentioned funding of our agricultural programs at the University of Guelph. In this fiscal year, the ministry will provide \$23.3 million for research and teaching at that university. As mentioned, my ministry also made recent grants to the Ontario Veterinary College and our agricultural colleges for new equipment. A sum of \$1.8 million was awarded in 1982-83 for OVC clinical studies.

11:20 a.m.

Again, as I said at the beginning, the total budget of my ministry for this fiscal year is \$294 million. Fortunately, through careful planning and efficiency, we can make that money do a great deal to strengthen our agricultural and food industries. Value comes from carefully planned, quality programs, not the quantity of dollars thrown at problems.

Mr. Chairman, this effectively ends my opening presentation to the committee. However, as I indicated at the beginning, each of my three assistant deputy ministers will consecutively give a short talk today on a significant area of his responsibilities. Let me re-introduce these executives to your committee before I call on them to speak:

William Doyle is the assistant deputy minister in charge of marketing and development, comprising eight branches grouped under three divisions. Dr. Clare Rennie is the ADM handling technology and field services for the ministry. It consists of seven branches plus the five agricultural colleges, grouped under two divisions. Dr. Ralph Benson is the ADM responsible for finance and policy, consisting of four branches.

These are the three assistant deputy ministers of my ministry. I would now like to call on Mr. Doyle to make the first presentation to you—

Mr. Allan: Clare is going to be first.

Hon. Mr. Timbrell: Sorry. Is Clare going to be first? Fine. Dr. Rennie will make the first presentation.

Mr. Haggerty: How long will each of them take? Any idea?

Hon. Mr. Timbrell: About five or 10 minutes each—a half hour in total.

Dr. Rennie: Mr. Chairman, I am indeed pleased to have the opportunity to talk briefly about the organization, the programs and the priorities within the technology and field services division of the ministry. I want to start by reading a couple of short statements. I believe in your material you have a copy of the recent field services directory published by the ministry. The first one is a general one which applies to the entire area of technology and field services.

It is essential that today's farmers have a good knowledge of both modern technology and management practices. In the past year the newly created area of technology and field services in the Ontario Ministry of Agriculture and Food has built a team of specialists, educators and researchers. It is their responsibility to advise and train working farmers and agricultural students, to provide accurate laboratory analysis, to develop new technology for Ontario's agriculture and food industry, and to foster the valued aspects of the rural community. That is the overall objective philosophy behind the organization of technology and field services.

I want to spend time on organization because that is history in a sense. As the minister has said, we have two divisions: education and research, and advisory and technical services. I want to talk very briefly about the rationale of putting these together in the area of technology and field services. We feel there is a very close link here and we want to build an organization with our reorganization where we can get fast transfer of knowledge to students and fast transfer of new research results and technology into the hands of those who use it.

We feel that by building this kind of organization with two groupings—education and research, and advisory and technical services—within an overall technology and field services area we have that opportunity of improved communications and fast transfer of new knowledge to the farmers and agribusiness people of Ontario. That is the rationale behind it.

This morning I am not going to talk about branches or colleges; I want to talk about areas. Education is one; research is another. Technical and advisory services comprise still another. I will start with education and research because that is basic. Again, I want to read very briefly from the technology and field services field directory, which you have a copy of.

"The overall objective of the education and research division: This division operates diploma

courses in agriculture and food at the province's five colleges of agricultural technology. These courses develop the knowledge and skills of those who want to take up careers in farming, agribusiness and the food service industry.

"The division also offers adult education courses for rural men, women and young people who want to extend their personal and business horizons and develop their leadership potential, and provides assistance to the 4-H Clubs and Junior Farmers' Association of Ontario clubs.

"To enhance the quality of rural life, the division supports a variety of rural institutions and increased awareness and understanding of rural life among the urbanites. The division supports organizations and programs that bring the two sectors together.

"Crop research and development and research to improve livestock are necessary to keep Ontario products competitive on world and domestic markets. To strengthen the agriculture and food industries in the province, this division is responsible for a large number of research and development programs and projects which are conducted at the colleges of agriculture technology, research stations and the University of Guelph."

I would now like to talk about education. The overall philosophy in our education and research and advisory and technical programs is that of providing the opportunities, knowledge and technology for people so that, in helping them, we enable them to help themselves.

There are a number of areas in the education field that I want to touch on briefly. There are the formal diploma programs the minister has referred to; the correspondence courses; continuing education; youth programs through the 4-H clubs and the Junior Farmers' Association of Ontario; manpower training; leadership development; elementary and secondary school programs; and our museum program, which we consider educational.

I want to talk, first of all, about the diploma program. I have a few charts here to give you just an indication of what is happening, and where we are at today as far as the diploma program is concerned. This is a chart on overall enrolment, considering all of our colleges and including a diploma program at the University of Guelph which the ministry supports.

This past year we had an enrolment of slightly over 1,600 students, considering all programs. That has shown a growth, as you will notice at the bottom, of 60.4 per cent over the past nine

years, an average annual growth of a little over seven per cent.

11:30 a.m.

We are anticipating, with the number of applications that have been received to date as compared with a year ago, approximately a 14 per cent increase in enrolment in these programs this coming fall.

Next, please. This one refers strictly to students enrolled in the agricultural programs at the colleges. The other one included all the programs, such as those for animal health technicians, food service management, and so on.

This is a chart showing strictly the agricultural students, a total of 1,365 out of the 1,657, I believe the total is. Again, it shows the kind of growth—in fact, a greater growth over the last nine years, 66 per cent, and about an eight per cent average increase over that period of time.

It is rather interesting that what has happened in recent years is the continual growth in the number of students. This is quite a comparison with what happened in the agricultural industry in the past, when our student enrolment tended to drop off in down times. In recent years that has not happened. The young people today seem to realize the value of advanced education beyond the secondary school level. Hence, the growth continues.

Next, please. This is one on the diploma student graduation from the colleges. These are agricultural students only. I put this one on for a very specific reason. It shows that slightly more than 500 students graduated this past spring, with the graduation on Friday of this week of students from Alfred College. About 523 students will have received their diplomas in agriculture by the end of this week from all of our colleges. Again, there has been considerable growth.

Approximately 60 per cent—it varies a little from college to college—go back into primary agriculture. What we are getting at in our overall objective as a ministry and our educational program at the diploma level is that we will reach a point where 50 per cent of the replacement farmers per year will have advanced education beyond the secondary school level.

Take 60 per cent of about 523 and that gives you a little over 300. When you consider the students from the degree program at the University of Guelph, somewhere between 13 and 15 per cent of the degree students in agriculture are going back to farming. We end up with approximately 400 young people each year

going back into primary agriculture with advanced agricultural skills.

We estimate, and it is an estimate, that we require in the neighbourhood of 1,200 replacement farmers per year. On that basis—and that could undoubtedly be disputed—about a third of the replacement farmers per year, beginning farmers, when you look at our total number in the province, will have this advanced education. Our objective is to reach 50 per cent. That is what we are planning for in the capital expansion of the colleges. Our overall planning on a long-term basis is to reach that objective.

In addition to the formal diploma program at the colleges, we do sponsor, through the University of Guelph, the correspondence independent study program. I was at the University of Guelph graduation for diploma students yesterday. It was rather interesting that a total of 48 students received their diplomas yesterday afternoon: 13 in agriculture and 35 in horticulture, the largest group yet.

These are students who have all received their diplomas through correspondence. These are the people across Ontario—a small percentage, actually, from beyond our borders—who are enrolled in the correspondence independent study program. It provides an opportunity for those who are not able to attend the formal programs of the colleges on a continuing basis to obtain their diplomas.

I thought you might be interested in this because this program has grown quite significantly. I might add that in this program we are translating a number of the key courses into French. At the present time we have six courses in the French language being offered through Alfred College and more in the process.

In the area of youth education, I thought you might be interested in seeing the extent of the 4-H program, the junior farmer program and, at the same time, the number of societies with which we work in the rural organization and services branch. The numbers there are 26,000 in club work, the junior farmer, the 4-H agricultural and the 4-H homemaking programs.

We have concentrated, as you know, on the reorganization of a branch called the rural organization and services branch. This one was created so that we could put greater emphasis on programs such as 4-H and spend more time with rural organizations such as the agricultural and horticultural societies in order to develop leadership capabilities, transfer new technology and keep them interested in the agriculture and food program.

Very briefly, the other aspects of education fall in the category of manpower training, which is also part of the rural organization and services branch. Likewise, we are now reviewing in detail the proposal for changes in the agricultural curriculum or the environmental studies curriculum of the ministries of Colleges and Universities and Education to see if we can, as the minister has said on a number of occasions, incorporate more about the value of the agrifood industry in elementary and secondary school levels. That will be a responsibility of the rural organization and services branch.

We consider the Ontario Agricultural Museum a part of education. A year ago we had 10,000 school children tour the museum, which was a learning experience. It appears that in this current year that number will be doubled and we will have at least 20,000 school children, both at the elementary and secondary school levels, pass through the museum as a learning experience.

In this area as well, and through the college system, I would like to very briefly comment on the engineering services. There has been some concern with the reorganization of the ministry, that we had changed the emphasis, we had changed the location of our agricultural engineers. We did change the administrative structure. That is correct. They are located with the colleges and administered through the colleges.

That was done for a very specific reason. We wanted to have a closer tie between the actual field services and those at the colleges working in the research and education areas, so that we could incorporate new technology in the engineering field into actual practice with on-farm demonstrations at a faster rate than could be done through another system. Having them part of the education research team, although they are in the advisory area, does give this opportunity for new technology to move across very rapidly. They are not being moved from county office locations as some have thought, but just administratively through the colleges.

Looking now at the research program, as a ministry we are very proud of our research budget being the largest of any province in Canada. We consider it a priority area because we know its importance. Studies have been done, and I know that you have seen reports on this, of a 40-1 return on research. In other words, for every dollar invested in research, we get approximately a \$40 return.

I want to make a couple of general comments on this, and why research has to be a very basic

and continuing kind of program. In this study that came up with the results of 40-1, there were three rather basic facts that were determined.

One was that when new technology is developed—and I am talking on the average, so this does not apply in all cases by any means—there is about a six-year lag from the time that new technology or research is completed until it is really picked up and utilized on a very significant basis.

11:40 a.m.

That certainly doesn't apply to new things such as a new variety. That is picked up fairly rapidly. When you consider all new research or new technology, it is about a six-year period before it is right up to full steam. From six to 10 years it is utilized quite extensively. About 10 years after a new research finding is actually published, that is when it is at its peak of utilization. From 10 to 20 years after the initial finding, it starts to diminish and go down. That is why it is important that research be on a continuing basis.

Very briefly, I thought you would be interested in our resources. This is a cross-section on human resources. We talk in professional person-years because in regular colleges, and we will look at the University of Guelph, most of these people are involved in other activities such as teaching. You can end up with half a person-year.

In Ontario we have, as you see there, 153 full-time professional people who we support through our various programs at our colleges, through our agriculture laboratories and at the University of Guelph, the Ontario Veterinary College and the Ontario Agricultural College.

I thought you might be interested in the number of projects as well. At the present time we have a total of 752 active projects that we support either totally or in part. In that aspect, a number of projects, particularly at the University of Guelph, would be cost-shared with private industry, with Agriculture Canada, the National Research Council and others. We are involved as a part.

I might add just at this point that over the last four or five years we have been developing on a national basis a computerized research project inventory system. That is now complete and has been done through the Canadian Agriculture Research Council. This is now all totally computerized and is on line. We have just established a terminal in our office across the street here.

We can tap into this at any time, find out and

search the close to 5,000 individual research projects in agriculture and food that are under way across Canada at the present time. We can search that and find out who is working on what and where it is and we can get the listing of all the projects that are being done in any particular area. This, I hope, will be most useful for anybody in Ontario who plans research in order that we do not duplicate anything, know where other studies are being done and capitalize on that information.

I thought you might be interested in the number of projects in the particular areas. These are large groupings: economics, agricultural engineering, the animal plant field, food in general, horticultural crops, pest control, soil and water management. We do this on an annual basis.

We have a summary of our total resources. When you look at professional and technical support for the total research and development program in Ontario, we have approximately 295. We conduct research in 13 locations. That includes the colleges, the research stations and the University of Guelph. We have a land base of 18,000 hectares.

The budget there is different from the figure that the minister used in his statement in that this is strictly research and development. The figure that was used in the statement was R and D as special services. We have been working on this. This refers strictly to the research that is approved through the research institute. The others are specialized services.

Hon. Mr. Timbrell: You mean 1,800 hectares, don't you?

Dr. Rennie: What did I say?

Hon. Mr. Timbrell: You said 18,000.

Dr. Rennie: Sorry, yes, 1,800 hectares.

I might just emphasize that in all of our research programs at the colleges and at the University of Guelph we are working on a five-year plan basis. It is those five-year plans that the researchers and administrators put together on the basis of objectives and goals that are reviewed and commented upon by the Agricultural Research Institute of Ontario and recommendations flow through to the minister for changes or acceptance, whatever the case might be. We are on a five-year plan basis. We must be in order to have a continuity to our total research program. For example, we will be at Kemptville with the research institute on June 16 and 17 to review the five-year plan for that institution.

In order to keep the research and development program on a modern basis there must be capital improvements. This is happening on a continuing basis. The fruit and vegetable storage is well along and will be completed by September of this year at Vineland Station, at Simcoe and there is some work at Guelph—all on the storage of fruit and vegetables.

The land base has also been expanded over the past couple of years. The Woodstock research station, which is operated by the University of Guelph under contract to the ministry primarily for plant work, field crop work, was established there because it has an intermediate heat unit level between Guelph and Ridgetown. It is very important for that whole central part of Ontario and the farmers that we test new varieties and so on at that particular level.

The Winchester station is operated by Kemptville. Also because it has a different soil type, it is very important in developing field crop recommendations for the farmers of eastern Ontario.

I do want to comment on the program that we have started with the government of New Zealand through the University of Guelph. We will now be taking on a regular basis new strains, new cultivars to New Zealand each fall for winter propagation—our winter. We call it a winter nursery.

We had approximately 2,000 different strains and cultivars from the University of Guelph program which we support as a ministry in this unit in New Zealand this past year—oats, barley, canola, white beans, soybeans, corn and peanuts. I expect that will be repeated this fall in numbers at about the same level. It could be up slightly.

This way we can get two crops per year, two generations of selection. Instead of taking 10, 11 or 12 years to develop a new variety of barley or oats, we hope that by following this route we will be able to cut that down to probably about six.

Mr. Swart: I wonder if I could just make sure I understand. When you are talking about person-years, are those professional people or the total number involved in the research and development? Are they person-years in the sense of a 12-month period?

Dr. Rennie: To go back to the first one on that, human resources, this figure of 294 refers to professional and technical. It does not include farm workers who work on the research stations, the barn cleaners. It does not include the secretaries, clerks and that sort of thing.

On the 153 compared to 294, the 153 are

strictly professional people, people with bachelors' degrees and beyond who are conducting and directing the research. The difference there, which would be 141, I believe, will be technicians. We are working on the ratio of about one full-time technician per professional person, which we consider a pretty good balance.

That is the equivalent of 12 months, correct, less vacation time; that is on a full-year basis.

I was referring to five-year plans for the research program. All of the colleges of agricultural technology have 10-year plans which involve both research and education. The Ontario Agricultural Museum has a 10-year development plan. We are working towards that; we are in about year seven at present and we could comment on that further, should you have any questions.

11:50 a.m.

Right now, to move to the advisory and technical services area, if I might, on the right-hand side we have the four branches which constitute the advisory and technical service component of the ministry. We consider this the information delivery arm, our specialized services.

Here, again, if I might take just a moment, the rationale for putting this group together in this fashion is that we have our veterinary laboratory services, our agriculture laboratory services, which includes the pesticide laboratory, the soil testing, and so on.

The kind of information that flows out from those laboratories is very important for the specialists, be they in the plant field, the soil area, or animal, in working with client groups, be they the individual farmer, organizations, veterinarians, and so on. By having this headed up by one person, David George, we feel we have a tremendous opportunity for the best in co-ordination and delivery of services.

Because I know it is probably of greatest concern to those of you from rural areas, I want to take just a moment on the agriculture representatives branch.

Mr. Swart: I wonder if I could ask a question. What sort of testing do you do on the pesticides and herbicides, the full range—the effect on humans, the length of time when there may be some adverse effects from consumption of products? I would be interested in hearing that.

Dr. Rennie: You are talking from a human point of view?

Mr. Swart: Yes.

Dr. Rennie: We do not do that. Dick Frank, who is the director—

Mr. Swart: Purely the effect on the plants?

Dr. Rennie: Yes, but we have done studies and continue to do studies on the retention of various chemicals in the plant and in the animal body.

Several years ago there was a spill of a particular pesticide on a farm. I personally was involved in the project associated with that, where we took and kept a number of animals for several years and took routine biopsies in order to determine the level in the fat tissues of those particular animals. We have not done that recently. There has not been a need to.

We are supporting, not through the pesticide laboratory but through one of the lottery projects—we are in the third year of that project now at the Ontario Veterinary College—a very extensive study on the retention time of various drugs in animal tissues. That one is a very intensive study. We have one more year to go on that particular study.

While we are on that, I might as well do that and then I will come back to the agricultural representatives branch.

Hon. Mr. Timbrell: I thought your question had to do with the effect on humans. I would add that a lot of work is also done by—

Mr. Swart: It had to do with both.

Hon. Mr. Timbrell: Yes, but a lot of the primary responsibility is with the health protection branch of the federal Department of Health and Welfare, so our people are working with them.

Mr. Haggerty: Would you permit a further supplementary on that?

Mr. Chairman: Yes, as long as—

Mr. Haggerty: You opened the door now.

Mr. Chairman: We adjourn at 12:30, and I would kind of like to be through these presentations by 12:30. That might allow the critics an opportunity to have lunch and come back at two o'clock. I think that would be a logical format, so as long as we do not go too long with questions at this time.

Mr. Haggerty: One thing came to my mind. I believe I have heard of some tests being carried out now by the Ministry of the Environment. It relates to the storage of grain, the pesticides, herbicides and insecticides used in that storage and the effect they have on human beings working in that environment.

I was concerned about this particularly. Is

there any follow-up? For example, a few years ago there was a problem at Erco Industries Ltd., the chemical plant located in Port Maitland, where we had the concerns about fluorides. Has your ministry done any follow-up on that?

In my community, the riding of Erie, a farmer lost some cattle, and he could not find out why the cattle were dying. These were milking cows. Studies were done, and it was found out that there were heavy contaminants of metal in the milk itself. It could be nickel; it could be cobalt; it could be arsenic; it could be a number of things.

Do you carry on research around the industrial complex of this province as it relates to the farming community?

Dr. Rennie: Not on a routine basis. We have had monitoring of milk samples through the pesticide lab. That has been an ongoing thing for many years. We do it on tobacco and on a random sample of plants and soil and that sort of thing.

I vaguely remember the particular case you are talking about. We do have some research going on. I do not think there is any follow-up on that one, as I recall, but there are other individual cases where, when something happens like that, we follow it along for some time. We have one case in the vegetable area that we have been following along and working very intensively with for many years.

Mr. Haggerty: In this particular instance the land was pretty well contaminated with, I guess you would call them, heavy metals.

I was just wondering what kind of a watchdog approach you are taking in this particular area and with other Ontario industries. You could have a consumption of this milk, for example, that could cause some problems.

Dr. Rennie: We have done a very routine thing on milk. That has been an ongoing situation. One of the most active areas in the past two years has been that of requests from individual farmers for atrazine analysis.

They may want to shift crops rather rapidly because of changing market conditions and so on, and they know that certain crops cannot follow corn if they have used a lot of atrazine. So they want to determine what the level is in order to know whether they can produce a satisfactory crop. That has been one of the big areas of activity during the past two years and it is increasing rapidly.

I want to deal briefly with the agricultural representatives branch. I want to take a moment

on this one because this has been one of the major areas of change. We have made a lot of changes here, some very basic things that I want to talk about.

We are not changing the counties or the county borders. We have put in four regional managers because this is a large program. We feel that by having four regional managers referring to the director we can deliver a far better service. We are in a better position to shift staff, as we have done, if there is a big crisis in a particular area, and to better manage our resources across the province.

You can see the four regional managers there: Charlie MacGregor at Kemptville; Dan Rose out of the Orangeville office; Dick Heard out of Centralia College; and Bill Allen, who was in Ridgetown but who has moved up and taken over Thunder Bay.

I might comment on the northern one there. Don Taylor, the principal of the New Liskeard college, will assist. He is not a regional manager; he has principal's responsibilities. However, he will work with Bill Allen in order to properly cover all of northern Ontario.

As to the role of the agricultural representative, very briefly, that person is the manager of our county ministry office without any question. His or her responsibility is that of co-ordinating county programs, be it in soils and crops, animals, or whatever.

The agricultural representative has that major responsibility of co-ordinating the programs within a particular county or region. On a professional basis, the major role, in addition to the management of the office and the co-ordination of programs, will be in the area of farm management.

12 noon

To support them we have the six farm financial management people located, as you see, across Ontario to serve as the specialists in the whole area of farm financial management. We feel this is important and quite a change in the organization, but with those three major responsibilities we feel we have an opportunity to deliver service which will be second to none.

I do not know whether you have any questions on that particular aspect. As it is very important, perhaps more could be said in that regard.

Mr. G. I. Miller: Where is Haldimand-Norfolk in the area? Where do they fit in, in the central Ontario division?

Dr. Rennie: There is a chart there. I think that is central. Is there a map of Ontario there?

Mr. G. I. Miller: It is in southern Ontario.

Dr. Rennie: Yes, southern Ontario. That is under Dick Heard's operation out of Centralia College.

Mr. G. I. Miller: Out of Centralia?

Dr. Rennie: Yes.

Mr. Swart: In the reorganization has there been any cutback in numbers, particularly a cutback at the service delivery level?

Dr. Rennie: No, we do not feel so. In shifting people from what was the agricultural representatives branch to rural organization services, and spending full time on youth extension society work, some people will be covering two and possibly three counties. We did that because we wanted to put the emphasis on youth extension, 4-H programs. We wanted people to concentrate on giving that their full attention.

Some people feel that because a person is serving two counties rather than just one and doing several different jobs, there is a dilution of service. I do not feel that this is the case at all. I feel that when they have that opportunity to spend full time, with them being able to concentrate, be it on livestock matters, soils matters, crop matters, youth extension or 4-H programs, we will get a better utilization of our total field staff.

Mr. Swart: There has been no cutback in numbers?

Dr. Rennie: No.

Mr. Swart: Or in the delivery of services?

Dr. Rennie: No, that is correct.

Mr. Riddell: There has certainly been a cutback in the ag reps' budget, though. I want to tell you that you are not talking to the same people as I am. The ag reps are telling me that it is going to be very difficult for them to carry out the programs they have had in the past with the substantial reduction that has been made in their budget.

Also, some of the ag reps are not very happy with their present role, as you well know. You know as well as I do that there are some ag reps who are taking an early retirement because they cannot adjust to the new role that they are being given, which they cannot completely accept.

I can go back to my father's day. As you well know, he was probably one of the most capable and dedicated ag reps this province has ever had. I am going to tell you that he would

probably be one of the people who would be taking an early retirement at this time.

The day seems to be over when the ag rep goes and talks across the fence to the farmer, and not only gets information from the farmer but provides information to the farmer. It looks to me as if the ag rep's job is to sit in that bloody office and co-ordinate programs and maybe work along with the farm management specialist, if that is indeed his role, which I understand it is after listening to your comments today.

Let's not kid ourselves, Clare. Some of the ag reps are not happy with the role they have been given. They tell me that their budgets have been substantially cut; they cannot carry out the programs they have in the past; and, furthermore, they are finding it very difficult to do any program planning on a county basis because so much is being fed down the pipe. That is another complaint I am getting from the ag reps.

I am all in favour of reorganization. I think I have called for this for some period of time since I have been the Agriculture and Food critic, but I am also going to tell you that some of the people within the extension branch are not very happy with the role they have been given.

Hon. Mr. Timbrell: I think you know when I went to the ministry I instituted a system of asking for a monthly report from each ag rep on his concerns in his particular county. The ones I have spoken with who are dissatisfied or uncomfortable are those who are finding it very difficult to fill the expanded role that has to do with financial management, particularly dealing with the farm assistance program and programs like that, getting into areas for which some feel they were not trained and which they have not had to deal with in years gone by.

I know some of them have found that difficult. In some cases the best thing for them has been, for their purposes, to take early retirement, because that role is going to be with us throughout the ministry for a long time, this distribution of financial management specialists and regional managers to back up that area particularly.

On the other hand, there are some other ag reps who have been in the service as long or longer who are just thriving on that role. It varies with the individual. I am thinking particularly of the ag rep in Hastings whom you know well. Doug is one of the longest serving in the system and is just thriving.

Mr. Swart: One of the farmers in my area brought the reorganization to my attention. I recognize that in any reorganization you get

some opposition to it, but there is some genuine dissatisfaction. They do not feel they are getting the service they need from their own ag rep, service they used to get.

Mr. Riddell: They do not get their ag rep out in the field any more and they very seldom see some ag reps at meetings the ag reps had attended in the past. I suppose they are speaking to me because they know how my father carried on. He never missed an agricultural meeting in his life, if he could get to it.

They say, "We never see the ag rep any more." I am getting the same complaints as Mr. Swart. Farmers are not happy.

Hon. Mr. Timbrell: Maybe you will give me some specifics when we get into this later on. I would like to know, because certainly when I travel around, whenever I go into Huron I see Don Pullen. I go into—

Mr. Riddell: How many did you have out to your meeting the other day, as a matter of fact? The papers never indicated how many were out to the Huron-Middlesex Conservative meeting you spoke at. It must have been only a handful. Was it?

Hon. Mr. Timbrell: No. You will be pleased to know that there were about 300 to 350 of your constituents present. Not your supporters, but—

Mr. Riddell: Some of those would vote for me.

Hon. Mr. Timbrell: Not that they would ever admit.

Interjections.

Mr. Riddell: Oh, yes, they do.

Hon. Mr. Timbrell: That remains to be seen.

Mr. Chairman: That is a long history.

Interjections.

Mr. McKessock: To get back to agriculture, I have a concern along this area of reorganization too, and it has to do with the engineering end of it.

Did you say, Dr. Rennie, that engineers now come under colleges?

Dr. Rennie: Administratively, that is correct.

Mr. McKessock: My concern here is the lack of direct contact now with the farmer by the agricultural engineer; it is similar to the way I hear them talking about the ag rep. I will give you a personal experience of this. My observation was that the engineers were not concerned, but the farmers are certainly concerned and I

am concerned. I have nothing against the engineers; I think they are doing a fine job.

12:10 p.m.

The concern pertains to this new erosion control program. I asked the engineer to come out to my farm to look at the situation, which he did, and he gave me some very valuable advice. I always learn from these engineers. But when I found out that I was going to have to call in a professional engineer to do a study on the thing before I could apply for the government grant, I decided, no way. I learned enough from the engineer that morning that I am going to do it myself and forget about the grant.

The engineer's remark to me was that he had no time to go out to the farms and therefore I was going to have to hire a professional engineer to do this job.

I went back to the office in Markdale, and that same afternoon I was called by a farmer who said to me he was wondering about this erosion control program. I discussed it with him and told him to call the Markdale office and have them come out and have a look at his situation. He did so, and he called me back in about 20 minutes and said, "No, they will not come out." I said to him, "Well, call the engineer and he will come out and have a look at it."

He called me back half an hour later and said: "No, the engineer will not come out. He says he has no time to go out and visit every farm. Who did you have out?" I told him. I appreciated that he came to my farm and I learned a lot from him, which I feel every farmer would. I have had engineers before. Howard Nodwell used to be our engineer in Grey, and I have had him do work for me.

I really appreciate the work they do. This direct contact with the farmer has been fantastic over the years. To think now that they have no time to visit the farm or that we are going to have to hire a professional engineer to come in really annoys me. It annoyed the farmer who had been saying to me, "Why won't they come out to my farm?"

Dr. Rennie: To comment on that briefly, Mr. McKessock, as far as that particular program is concerned, there was a little confusion right at the very beginning. The message was not being interpreted in quite the same way in every county. It is our instruction to them that the role of the engineer is to do what the engineer did

with you. He came out, talked to you, and gave you some good advice, I hope.

Mr. McKessock: He did.

Dr. Rennie: We have 28 engineers and it is physically impossible for those 28 people to do all the things they are being asked to do by individual farmers across Ontario. To do all the necessary design work and so on for this program or for buildings and so forth is physically impossible.

We know at the same time that there are a number of good people in the private sector who are capable of doing design work, be it roads and ditches, a ventilation system, a new barn or a change from a standard plan. We want to utilize those resources because we just cannot do all of the individual detailed design work for all these things with 28 people.

In that particular program the cost of the consulting engineer in the private sector is a part of the program. You could have recovered that. Is that correct?

Mr. Allan: That is correct.

Mr. McKessock: You will recover 50 per cent, but the added cost is going to make it such that if you can do it yourself you might as well.

Dr. Rennie: There are many people. Maybe with the advice you got from the engineer you could design it adequately yourself.

Mr. McKessock: Exactly. What I would like to see is the engineer come out to every farm where he is requested. If engineering designs are recommended or have to be done, then he can say to them what he did to me. But when they do not come out and the farmer does not know whether he needs a professional engineer or not, or he has not been given the advice I was given, that he can go ahead and do it on his own, that is what annoys me.

I am not saying they should get into doing the design on every farm, but I think they should attend every farm at the request of the farmer and give him this advice.

Dr. Rennie: I am glad to hear you say that, because that is our philosophy. We are trying to change the engineering service to some degree. They have that initial contact and they must maintain a contact with the individual farmer; that is a directive. There is no question about that.

At the same time, we want our engineering service to work more with the private sector than they have in the past. So we will have people working with them, just like the engineers work with the drainage contractors. Now

practically all the design work for farm drainage is done by the contractors themselves, because our engineers have worked with them.

In order to provide a better service in all areas to the farmers of Ontario, we feel that this should expand with the use of contractors for farm buildings, erosion work, and that kind of thing. We are trying to put more emphasis in there, the best we can with the resources, while at the same time maintaining the individual farm contact for counsel advice—just like you had.

Mr. McKessock: I appreciate hearing that.

Mr. Chairman: Mr. McKessock, we have gone a long way.

Mr. McKessock: Just one other comment.

Mr. Chairman: I know Dr. Rennie will be available throughout the estimates. We have a couple more presentations. I know, for one, that your critic cannot be here next week, so I cannot afford to take all day on questioning that really is part of the presentation.

A lot of time should be given to the critics to open up. I do not mind a few questions and a bit of information, but I am just afraid your supplementary will lead to another one from Mr. McGuigan, and that will shoot the afternoon.

Hon. Mr. Timbrell: Do you have any more slides?

Dr. Rennie: No, I have no more slides. I have two wrapup comments, if I might. One is that reorganization is barely finished. All I ask is that you give it a chance. I feel very strongly that we are heading in the right direction and when we are in estimates a year from now, I am confident that you will come back and say it was the right decision.

The last comment is on the veterinary laboratory services. In order to give you an idea of the way we are heading there: We are developing, in conjunction with the Ontario Veterinary College, a totally computerized system for all of the lab samples that come into our labs across Ontario. It is tied into the department of clinical studies at the University of Guelph so that we will be in a position down the road to give faster turnaround to veterinarians and the individual farmers.

It will be computerized and hopefully a lot of the results from the lab will go directly back to the vet clinics to enable early detection. We will be in a good position to detect an upswing in any particular disease or health problem across Ontario. We will be able to detect the introduction of a new disease. I just wanted you to know

that we are moving in that direction in the lab services.

That is all I have.

Hon. Mr. Timbrell: Bill, are you ready? Bill Doyle will make the next presentation.

Mr. Doyle: Mr. Chairman, Mr. Minister and ladies and gentlemen, I would like to say that it is a great pleasure and honour to have this opportunity to address the committee. Before I head into my part of it—the part of the ministry for which I am accountable—I would appreciate an opportunity to make a few remarks on the last discussion my colleague Clare Rennie had on reorganization. Maybe I could give it a perspective that is not commonly seen, because a lot of thought did go into the reorganization of the ministry.

First, it is a functional realignment. The Ministry of Agriculture and Food in Ontario, like ministries of agriculture or departments of agriculture worldwide, tends to be the oldest in government, along with Treasury. There is a long history in there and a great deal of tradition. The programs tend to be developed in response to clients' needs and to have organizational units built around them.

12:20 p.m.

As the circumstances change over time, it is not necessarily true that that organizational unit is the appropriate one to deliver it. For example, before reorganization we had the livestock branch, the veterinary services branch and aspects of the marketing division overlapping and dealing with some of the issues that arose. There was a lot of confusion about accountability and the way programs were delivered.

I suppose, like any other ministry in its earliest days, the functions were educational and stimulated production when the country was opening up. Then in the post-war period there was a great increase in research and development activities and a great explosion in productivity. That, in turn, led to tremendous marketing problems as surpluses arose, which we still have to wrestle with. That led to the need for government intervention, although government intervention in agriculture is as old as the guilds and as recent as the repeal of the corn laws in the middle part of the last century.

I think the reorganization intends to functionalize areas so that all of the activities in that area are located in one section, such as in the quality and standards or the extension effort or the government accountability for the operations of marketing boards. The problem becomes

that all of the programs are interrelated in their effects. For example, as Mr. Stewart used to say many years ago, "There is not much point in growing two blades of grass where one grew before if you cannot market it and make a buck out of it." So research and development, in truth, are related to marketing.

Quality and standards: The quality of our foodstuffs has a tremendous impact on our marketing efforts. A very fine example just surfaced in the past week in the state of Hawaii where, because of spraying pineapples with a certain fungicide and because they feed some of the pulp of that to cows, it found its way into milk and there was a dramatic drop in the consumption of milk. One of the major chains started shipping milk from the mainland into Hawaii to the great distress of milk producers in Hawaii.

The main point I want to make is that our reorganization was designed to deliver a better service to our client groups—we have many clients out there. In doing that, one inevitably has to create expertise in specific areas. The challenge becomes to co-ordinate all of those programs. One of the main reasons the senior levels of the ministry were strengthened was to ensure that sort of co-ordination took place. That is one of the major reasons a whole new level of executive directors was created.

Having said all of that, there is a very high degree of professionalism in the Ministry of Agriculture and Food. The minister made reference to a meeting in Ottawa last. In the 15 years I have been in the ministry, I have been to many federal-provincial meetings and Ontario always holds its head really high. There is a lot of competence and professional expertise. I do not think it is an idle boast to say that in many areas, whether it is in research, education, development of new marketing initiatives or in maintenance of quality or whatever area of service the ministry deals with, we have been leaders in that field.

Having opened up with that, I would like to deal with my part of the presentation. It is basically in two parts: organizations and programs. I will then take some selected activities because it covers a wide area. Perhaps the committee might find it most useful if we dealt with it this way and I would be happy to answer any questions.

I will start with the quality and standards division. This is an organization chart. Ken McDermid, who is not here this morning but will be back later on, is the executive director.

Basically, we have three operations in here in so far as client service is concerned. There is a building inspection branch, which until recently was called the milk industry branch; the food and vegetable inspection branch, which is of long vintage; and the livestock inspection branch, which is the livestock inspection group formerly existing in the veterinary services branch. Also relocated in that new branch are marketing activities that formerly resided in the livestock branch.

Taking up dairy inspection, the major programs dealt with, there are the operation of the central milk testing lab at Guelph, milk quality programs, and plant audit and plant inspection programs. Division co-ordination is simply an internal administrative grouping. Fruit and vegetable inspection deals with two areas: inspection and grading.

The investigative unit deals with investigations and comprises a lot of ex-security people to ensure that our grading and inspection programs are enforced.

The major program of the livestock inspection group is meat inspection. There is also a livestock inspection of community sales auctions. There are activities carried on under the Dead Animal Disposal Act and there is a new beef financial protection program, a fairly major program we launched last year.

Could I have the next slide, please? That's an organizational unit and it is always difficult to talk about this. When I talk about a branch, I mean an organization unit, and some people think it is something on a tree. Another way to approach it is to take the mandate of that whole division and what sort of activities it involves.

There are two slides here. The first one is consumer protection: the protection of human health and the provision of wholesome agricultural products. That is done in two ways, by both inspection and testing.

I think the example I have just given, with respect to Hawaii and milk, is a very fine example. In Europe examples abound of constraints on marketing and problems with consumers because of inadequate assurance of quality.

Secondly, we believe that the activities of this division create a foundation for good and successful marketing programs. Where that is a matter of exporting livestock overseas, frequently this is a matter of co-operation between ourselves and the federal government.

If you cannot supply a certificate, provide records of performance, or assure people that it

is indeed a high quality product, there is a problem. Tobacco is a very fine example. Our tobacco, until we hit blue mold, was without question the tobacco with the least residue of any tobacco around the world. It was a major part of our selling program. We always inspected our tobacco for residues, and that is why we retain our position in the United Kingdom market, quite frankly.

In the area of consumer protection, I will give you an example regarding milk. We have about six inspectors in the area of milk plant audits because we have a classified pricing structure for milk. Milk isn't just milk. There is milk for different purposes, and it is all priced differently. The net revenue cheque to all 11,000 producers in the province depends on being absolutely sure that the system is being properly dealt with.

Interestingly enough, when we first introduced this we found that after we sent our auditors in, the utilization of milk for different purposes changed dramatically. The new compositional testing of milk sometimes results in producers being cut off. This is both a consumer protection and a producer protection in the sense of ensuring that one producer's good milk is not contaminated by another producer's bad milk.

The beef cattle financial protection program is, of course, a financial protection program rather than a health or quality testing program. It is a new program, having been introduced last year. I am sure the committee members will be asking questions about that later on.

Slaughter plant weighing and dressing standards at some of the provincially inspected livestock plants are areas to which we are giving some more attention. I have to say that there has been some activity going on where producers have not been getting their fair share. Consequently, we are increasing the activity in that area.

Community sale bonding is an old program. It, again, is a financial protection mechanism for farmers selling at the community sale bonds.

The fourth generic activity of this division is animal and plant disease control. There are a number of different activities involved here: community sale inspection from an animal disease point of view rather than the financial protection point of view; removal of abandoned orchards to reduce the spread of plant diseases; dead animal disposal control from the point of view of animal disease control and of ensuring that consumers are not being sold meat from

animals that were bled; and somatic cell counting through the laboratories. I am sure many of the committee members will recall a very large court action in both Ontario and Quebec some years ago on the issue of dead animal disposal control.

Our fifth activity is maintenance and encouragement of local industry. Perhaps it seems like a strange activity to put up there.

Indeed, through inspection of the slaughtering service—I should add that this covers almost 300 plants and was requested by the plant operators themselves as a service the government would provide. Without that service those operations would have great difficulty in marketing their product.

This division is responsible for one aspect of Board of Industrial Leadership and Development programs, and that is in the fruit and vegetable packing and storage assistance program.

Our sixth and last activity is to gain more knowledgeable producers and consumers through the extended consultative services of the inspection staff.

It's a good illustration of how the activities are interrelated when Dr. Joe Meiser's staff go out

to do their inspections on dairy farms. It's one thing to tell a guy that he is not producing a quality product; it's another thing to tell him how to go about doing so.

When the activity of inspecting Ontario fruit and vegetables in the chain stores was transferred from the Department of Agriculture to the Department of Consumer and Corporate Affairs in Ottawa, tremendous problems resulted. The chains were finding that the inspectors who came in were unfamiliar with agriculture. They were simply downgrading products, and the stores then had to send them to the dump. In the situation that now exists, our inspectors go in to inspect the product. If it's of lower quality, of course, it cannot be marketed. However, they take that extra step to try to improve the situation, to find out which packer it came from, and to do something to correct the situation so it won't recur.

Mr. Chairman: Mr. Doyle, we are past 12:30 p.m. What I would like to do is break here and come back at 2 p.m.

The committee recessed at 12:33 p.m.

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Wednesday, June 1, 1983

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Mr. Timbrell. G-3

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Agriculture and Food

Third Session, 32nd Parliament
Wednesday, June 1, 1983
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, June 1, 1983

The committee resumed at 2:09 p.m. in committee room 1.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

Mr. Chairman: I call the meeting to order. When we left off I think Mr. Doyle was part way through his presentation.

Mr. Doyle: Thank you, Mr. Chairman. There are four programs I would specifically like to make reference to within the quality and standards division. The first one is the meat quality assurance program. The slide for that is on the screen.

The objective in this meat quality assurance program is to protect the interests of the public as to health and to assure consumer confidence in the products being marketed. All of this is done under the Ontario Meat Inspection Act and the Dead Animal Disposal Act.

The Ontario Meat Inspection Act legislates compulsory meat inspection in Ontario. That does not apply in the case of plants that are federally inspected, because we beg off where the feds are inspecting. It prohibits the sale of uninspected meat and poultry, with certain exemptions relating to small operations on a farm, and it provides for humane slaughter of animals. Presently, we are inspecting almost 300 plants in the province covering red meats: beef, sheep, pork, rabbits, and also poultry.

In 1982 more than 934,000 red meat animals and over eight million poultry were inspected. It is a program of fair size and it affects a lot of people and a lot of animals. I am sure the committee is aware that anyone slaughtering animals and shipping them interprovincially or exporting requires a federal licence. Those who are shipping within the province require only a provincial licence. The standards of inspection are fairly similar and we regard our inspection as up to federal standards but not requiring as much capital investment.

The Dead Animal Disposal Act program protects the public from unwholesome meats entering the food chain. There were some examples of this about 10 years ago, some

emanating out of Quebec and some emanating from within the province, at which time the regulations and the provisions were stiffened considerably. They are inspected. The meat is degraded to ensure that it will not enter the human food chain. The activities under this act also assist in the prevention of the spread of livestock diseases since the animals are dead when they are processed.

The second program I would like to make reference to is the beef cattle financial protection program introduced last year, as the minister indicated. Its objective is to protect sellers of beef cattle from financial default by livestock dealers.

As many members of the committee are aware, this is a program that has been discussed for a great number of years. The ministry attempted to reach a consensus and was unable to do so. The current minister's two predecessors had wrestled with this problem but were not able to achieve consensus. The current minister had a meeting with all sides of the industry. He realized, once more, that there was a lack of consensus on what should be done. Two weeks later we had a major default, and on the heels of that, the legislation was introduced.

I am sure most members of the committee know it has been discussed in the House a number of times. It requires licensing, prompt payment, and proof of financial responsibility. All sides contribute to each transaction that occurs, other than producer-to-producer transactions.

The fund is administered by a board representing all sides of the industry. John McMurchy, the chairman of the Farm Products Marketing Board, sits as vice-chairman of it. George McLaughlin, who is known to many members of the committee, is chairman. The fund now stands at \$587,000. I think it is fair to say that, after a great deal of controversy at the introduction of the program, there is widespread satisfaction that it is providing a much-needed protection for producers.

Mr. McKessock: How much are you going to get in that fund before you stop premiums coming in?

Mr. Doyle: I would be happy to answer that question, but perhaps the minister would like to.

Mr. McKessock: How high are you going to allow that fund to build before you stop the producers and dealers making—

Hon. Mr. Timbrell: It is at present at about \$600,000. My stated intention, as I have told a number of people, is that when it gets to around \$1 million we will take a look at the possibility of reducing the fees, say, to 15 cents and then over time gradually reducing them even more.

I would think we would always have a fee. Perhaps we can get down to as low as a nickel or something like that, depending on the claim experience on the fund. I do not envisage holding it at 20 cents permanently. I told that to the producers and everybody involved at the time it was established.

Mr. Doyle: It is a long-standing ministry policy that the protection of farmers against this type of default is best dealt with with funds of this type. We have a lot of experience in licensing within the ministry, and judging financial responsibility and accountability of first buyers has had varying success.

Mind you, the record of default is not high. As an industry, the rate of default is fairly low. There was a task force representing many sectors of the agricultural industry set up when Mr. Newman was minister. It concluded that while bankruptcy was not a major problem within the agriculture and food industry, when it occurred it wreaked havoc on those producers affected by it. It recommended to the government that provision be made through special legislation to allow the establishment of funds. The necessary legislation was passed, the Farm Products Payments Act.

Then it pretty well sat there. Many groups looked at it, but it is the old familiar problem that those who need protection are reluctant to accept it. The processors in good financial shape are reluctant to contribute to a fund to protect their producers—if we can put it that way—from default by other processors. It is a fairly contentious area, but after many years of experience in wrestling with the problem it has been the view within the ministry that this is the way to protect them. We feel this program is working fairly well.

You see from the slide the milk quality assurance program covers more than 11,000 milk producers and almost 3,000 cream producers, and affects 200 dairy plants and 600

transporters, so it is a program that affects a lot of people in many ways.

At the producer level, there are farm inspections, bacteriological tests, inhibitor tests, composition tests and information back to producers on how to improve their procedures to avoid penalties and getting into trouble on these tests. At the plant level there is actual inspection of the plant facilities, licensing and, again, information flowback on how to improve their procedures to avoid problems.

The program is well spread and affects a lot of people. It is well accepted at all levels of inspection. People are used to this type of activity. We run into relatively few problems. Within the three years that I have been familiar with this program, I think we have had occasion to move against only one transporter and very few producers. I cannot recall moving against any plant. It is an indication that this level of regulation and looking to quality assurance is well accepted.

The last program I would like to talk about within this division is the fruit and vegetable quality assurance program. It has a number of objectives to assist the orderly marketing of Ontario-produced fruits and vegetables, to increase consumer acceptance and equitable producer-processor sales. It applies to inspection of the quality packaging and labelling of both Ontario produced and imported fruits and vegetables at the producer, packer, wholesale and retail levels.

For example, it occurs at the Ontario food terminal, wholesale warehouses and in retail stores. It is applied in the grading of processed fruits and vegetables and their marketing board agreements, whether it is the fruit boards or the processing vegetable board and orders to determine fair value for our producer-processor transactions.

We see the benefits of this program being consumer protection in the purchase of fresh produce. Members of the committee who have travelled to other jurisdictions will recognize that the level of grading and inspection in this province is second to none. It provides a sound financial basis for trade in the produce industry. The vegetable processing agreements could not exist without this type of activity and a more stable and secure fruit and vegetable processing sector.

Mr. Chairman, that concludes my remarks on the quality assurance division. I would now like to move to the marketing division, starting with an organization chart.

2:20 p.m.

At the moment the executive director position in this division is vacant. Brian Slemko is the director of the food processing branch; Graham Richards is the director of the market development branch; and John McMurchy is director of the farm products marketing branch and chairman of both the Milk Commission of Ontario and Farm Products Marketing Board. Those are just three of the hats he wears.

The food processing branch is a new branch set up to underscore the commitment of the ministry to this activity. There had been some feeling that the ministry was not paying adequate attention to the food processing end of things so it was established to act as advocate for that part of the industry within the ministry.

The director of that branch and the directors of all branches in this field sit on the both Farm Products Marketing Board and the milk commission, so the director there has a number of responsibilities: to act as advocate for the food processing sector; to be first receiver of requests for Board of Industrial Leadership and Development assistance and any other types of industry assistance; and to suggest to the ministry, particularly on the regulatory end of things, developments that would be in the best interests of the food processing sector.

Since it is a new branch and they have a relatively small staff, quite a bit of the activity has been in the area of BILD grants. Perhaps I could take a moment to give a few of the achievements.

We in the ministry believe that agriculture and food has done very well with BILD. It is a reflection both of the usefulness of the program and the realistic proposals we put forward in the first place.

Food processing, for example: there is a BILD allocation in the original document of \$20 million over five years. So far—we are about two years into BILD—12 projects have been approved, totalling \$13.4 million of BILD assistance and almost \$70 million of private capital investment. The fruit and vegetable storage and packing assistance program is actually administered out of the fruit and vegetable section of the quality division. Brian Slemko, as director of this branch, processes most of these applications.

Again, the BILD allocation was \$20 million over five years. Mr. McGuigan in particular will recall that Ontario did not receive its fair share of federal grants in this type of activity because of the constraints the federal program had on it in that it could not apply to individuals, it could only apply to co-operatives. Other provinces,

such as Quebec and British Columbia, gained a lot out of it, but Ontario did not gain very much, so this program is designed to meet a need that was clearly seen in the industry and, in particular, to extend the marketing season for fresh fruit and vegetables and broaden that shoulder of activity.

It has been a very successful program. Over 650 projects have been approved to date with grants totalling almost \$12 million. That is a total of \$6 million on 330 projects paid out and a capital investment of \$18 million.

Another part of the ministry's program in BILD is to increase whey processing assistance. BILD allocation on that was \$15 million over five years. We have spent relatively little on this up to this point. Four projects have been approved and received grants of \$103,000. The reason for this is that the process we have established will require each proposal to come before a committee within the ministry and the money to have been spent and the project to be in operation before grants are recommended for approval. We believe we probably will not spend \$15 million, but we will certainly spend \$10 million on this program.

In Dr. Rennie's area, there was a BILD program for high technology equipment for Ontario's agriculture colleges. I will leave him to deal with that. The minister made reference to the seed potato utilization and distribution program throughout Ontario.

Three other areas were the Ontario cream assistance program, the Ontario tender-fruit-for-processing tree-planting program and the asparagus production incentive program, all of them very successful BILD programs. I would be happy to answer questions, but perhaps I should not take too much time on them.

The market development branch is basically the marketing arm of the ministry, as that term is commonly understood. This slide shows that it covers Foodland—meaning Foodland Ontario—and export marketing. If you think of it in generic terms, it is domestic marketing and, indeed, Foodland Ontario is the largest single component within that.

I would like to take a moment to talk about the export marketing program. We have been of the view for many years—and export marketing has been a part of the ministry's activities for well over 20 years—that we should be encouraging and doing things for our Ontario producers and processors over and above what the federal government might choose to do. I am not disputing that international trade is a federal

jurisdiction. However, of necessity, the federal government sometimes makes these broad choices without necessarily benefiting many of our producers and processors.

All activities tend to be very much grass-roots activities, very much oriented to creating immediate sales, and very low on what you might call image-creating activities. They are very practical.

We run missions into the United States, the United Kingdom, countries in the European Economic Community, Japan, the Caribbean, Latin America, the far east, the middle east, and southeast Asia.

They are looked at in terms of where our sales occur out of Ontario. The United States is, of course, the largest market and we are placing increasing emphasis there. We have taken on an additional staff member, and we are about to hire another contract person to be located in New York, to see what other activities we might generate in the United States.

Total sales in the US are almost \$700 million a year, about 40 per cent of our exports. The United Kingdom market is about eight per cent, roughly \$130 million, and a lot of that is tobacco. Other EEC countries comprise less than \$100 million, about six per cent.

Japan comes up to \$100 million, again approximately six per cent and growing. The Caribbean comprises just over \$100 million, at eight per cent; other miscellaneous countries, 10 per cent, for a total of \$1.6 billion. These are 1981 figures.

No doubt, when we get into the vote in this area, many members will have questions. It is a program with a budget of approximately \$1 million attached to it.

Doug, would you put up the next slide please?

This perhaps repeats some of the things I have just been saying. The activities here are to increase export trade, promote import replacement, and increase domestic growth through Foodland Ontario in particular.

Foodland Ontario's programs are designed to increase consumer awareness, to urge consumers to buy Ontario, to replace imports and to identify all food products out of the province. Export marketing is to increase exports, identify new markets and to do this through trade missions to promote growth.

Can I have the next slide? On the food processing branch: I think I have covered most of this in discussing the BILD program. Yes, I have. Would you put up the next slide, please, Doug?

The farm products marketing branch is an

organizational unit housing the two supervisory bodies for marketing boards in the province: the Farm Products Marketing Board and the milk commission. Both of these bodies are chaired by John McMurchy.

The other two in-house staff members are Bob McKay, vice-chairman of the farm products board, and David Ellis, vice-chairman of the milk commission. All directors within this area are members of both those bodies.

The other supervisory body within the province dealing with marketing boards is the Farm Products Appeal Tribunal, which reports directly to the minister. Ken McEwen is the chairman of that, and all members are outside members.

2:30 p.m.

We believe that we have the best system of ensuring government accountability, and, of course, accountability to the Legislature, of marketing boards in this country. Other jurisdictions copy our models, come to visit us, and study our system.

I believe it is true to say that, over the 46 years that the legislation has been in place, all the political parties in the Legislature have supported this legislation. The marketing boards accept the fact that they are ultimately accountable to the Legislature. The system of supervision is fair and reasonable, and is accepted by all participants.

The scope of the activities ranges. It is always difficult to anticipate what particular issue is going to come up at any particular time. I think we have had three areas there, proposals for change.

For example, in the past year, we dealt with 11 proposals for changes in existing marketing plans. They range all over the place: from changes in representation on the bean board to wheat board proposals, to the chicken board's proposal to market five crops a year, to the soybean board's proposal for pricing and sales intervention, to the pork board's proposal on forward contracting. They range all over the map, and they come in at a fair rate each year.

In the past year, we have received three proposals for new plans: one on broilers and roaster chickens and hatching eggs, one on beef, and one on specially-fed veal.

In that second major area of activity there are relations with producers, relations with buyers and relations with national bodies. This ranges all over the place, too, from the grape board advisory committee's proposals on sugar standards to the seed corn board's problems with methods for negotiation and arbitration.

There is a very difficult set of negotiations

this year on tobacco; on the licensing of various buyers; on pricing disputes in cream and potatoes; and participation with many national and provincial bodies, such as the Ontario Dairy Council, transporters and people like that. There are also issues such as fluid milk metric conversion.

Relations with national bodies, of course, deal with these national marketing agreements. The minister referred to the major initiative that was undertaken just last week which, over the years I have been dealing with these things, is without question the most successful we have ever been in getting a point of view across. We recognize that it is always very difficult, in dealing with the rest of the provinces, to be successful in those things.

So, on a regular basis, staff members attend various meetings regarding chickens, eggs, turkeys and milk, a proposed eastern Canada potato agency, and all those sorts of things.

On fund administration, three funds are in existence. The milk and cream fund, which is of some vintage, has been around for quite a while as a successful fund. Admittedly, the industry is fairly heavily regulated. The milk board has tremendous controls over that industry. None the less, there has always been the danger that somebody could default. Interestingly, the contributions to that fund come, almost exclusively, from the processors. The milk board makes a contribution, but it is pretty well the processors who contribute to it.

I have already referred to the livestock financial protection fund. The fund for egg producers which, to our great satisfaction, does not cause us a great deal of difficulty and is funded totally by egg producers, came about as a result of the bankruptcy of one grading station. A member of our staff sits on the board and it works very well.

In addition, the branch administers the Grain Elevator Storage Act and no doubt there will be many questions dealing with that particular issue.

The branch—I have often described its essential function being the management of conflict—deals with a lot of things in a way that is admired by many people and we are fairly proud of its activities.

This concludes the marketing division aspect. I would like now to spend a few minutes dealing with the food land preservation and improvement division, a totally new division. Henry Ediger is the executive director of this division. It consists of two branches, small in numbers,

dealing with two areas of activity—both of them reasonably contentious—that are of tremendous interest both to farmers and urbanites of this province.

There is the food land preservation branch, whose director is Don Dunn; and the capital improvements branch is headed up by Vern Spencer.

The food land preservation branch deals with application of the food land guidelines, commenting on development projects which use agricultural lands, municipal planning and non-resident ownership. The capital improvements branch deals with drainage, the agricultural and rural development agreement, the recent agriculture resource inventory, and the co-operative employment plan between Ontario and the federal government.

Food land preservation: it was announced by the minister in February of this year that we would be revising the Foodland Guidelines and we are in the process of doing that. In applying the guidelines, staff of the ministry in 1982-83 will have dealt with almost 4,000 planning and development applications. Our staff will have testified at 43 Ontario Municipal Board hearings and we will have achieved designation of agricultural land in the vast majority of municipal plans. The revised Foodland Guidelines will be incorporated as a policy circular under the new Planning Act referred to by the minister.

This branch also deals with nonresident ownership. The extent of nonresident ownership is being monitored under the registration requirements, in co-operation with the Ministry of Revenue. Registrations to March 31, 1983, indicate that about one per cent of agricultural land is held by nonresident interests. I would expect there would be further questions on the activities of this particular area.

Frankly, this is a new area of activity to me; this is my first year in dealing with this in the ministry, speaking of the guidelines in particular.

I was asked to speak at the Western Ontario Fair the day before the federal minister spoke. One person put a question forward as to why the Minister of Agriculture and Food should not have exclusive jurisdiction over the use of agricultural lands. He said that all agricultural lands, in essence, should be zoned. There were about 300 farmers present.

I indicated that the intent was to have these sorts of decisions made at a local level, with some overriding provincial policy which could be applied as in the case of St. Catharines, but that fundamentally these decisions should be

made at a local level. I asked the farmers how many would be in favour of centralized provincial planning exercised by the Ministry of Agriculture and Food, and it was about 50-50. I guess it depends on how you are being affected by these decisions.

I think it is fair to say that preservation of farm land links in fairly closely with marketing objectives and farm income objectives. I do not think there is much point in preserving farm land if the owners of the land cannot make a decent living out of it. In our system, for the most part, that income must come from the marketplace, with whatever system of underpinning to the income can be achieved through stabilization and/or organized marketing efforts. Next slide, please.

2:40 p.m.

I felt that a few figures here might be of some interest. The first two figures come from the census and show an increase in improved land over the past decade.

The bottom part of that slide comes from the Canada land inventory and shows that over this period tile drainage was still required on about an additional 2.8 million acres. We have made some solid achievements, but there is still some way to go in drainage in Ontario. Next slide, please.

The programs, then, of the capital improvements branch are primarily in the area of tile drainage in 1982-83. I do not have to tell members of this committee how useful drainage is and what an effect it has on increased productivity.

Clare Rennie speaks of a 40 per cent return on research. I would not claim that for drainage, but it is a good 20 per cent return on investment. That makes it a good investment for anybody. There was \$29.7 million loaned at 10 per cent interest and this affected 200,000 acres. That is about the level that program has been running over recent years, affecting 4,000 farmers.

Funds are distributed through the municipality and the allocation is \$30 million for the current year. The interest rate has been lowered to eight per cent. In addition to that, under the Drainage Act, \$8 million for over 2,000 projects affecting 800,000 acres was allocated in the past year. Next slide, please. I guess we have just a few more.

Eastern Ontario subsidiary agreement: there is a little contention between us and the feds on this. Perhaps the minister will want to refer to this.

Pretty well all of the money under this

agreement would cease to exist this year. This is the end of this program. There are three large drains and a number of small drains in eastern Ontario that are still in contention between ourselves and the federal government. I am sure the minister will want to comment on those.

Again, the northern Ontario rural development agreement is an agreement that will be coming to an end. Pretty well all of the money has been allocated. If there are further questions on that, we are going to have to deal with them when they come up on that particular item.

The last slide deals with the seasonal housing program—the expenditures in 1981-82, 1982-83 and the budget allocation for 1983-84.

I have taken enough time. That is the end of my presentation.

Mr. Chairman: There is one last presentation; Dr. Benson.

Hon. Mr. Timbrell: Bill, would you ask Ralph Benson to come in?

Ralph, if you can keep your presentation to 15 minutes, we can wrap up by three o'clock.

Dr. Benson: Well, I was just going to go home.

Mr. Chairman, Minister, I appreciate the opportunity. I will try to keep it to 15 minutes.

Finance and policy is a new area within the organization. Some of the branches and programs, however, have been with the organization for quite a while. Economics goes back to the turn of the century. Crop insurance goes back to the 1960s, and many of the programs in the farm assistance programs branch have been around for many a year.

There are some elements of the branch that are new, however. The key things we are trying to do with finance and policy are to link the activities with the overall goals of the ministry, to develop and administer effective policies and programs, to assist the agricultural producers to respond and adjust to changes in markets and demand, and to reduce the risk factors and the income fluctuations inherent in agricultural production.

The specific functions carried out by the four branches in finance and policy, as indicated there, are to assess, develop and administer all financial programs designed to aid agricultural producers, to assist senior management in analyzing issues and assigning priorities, to research and analyse agricultural policies and programs, and to develop and administer more effective management and decision-making systems within the ministry.

At this point, I would like to go quickly through the branches. I will try to keep it to just a few seconds or a minute per branch.

With respect to the farm assistance programs branch, they have both a policy development function and a program administration function. They evaluate our current grant subsidy programs. This year they looked at the Ontario farm adjustment assistance program and the livestock compensation programs. In addition, they are developing new programs to meet the needs of the community. Programs such as those for beginning farmers and farm taxes are housed within this branch.

In program administration, the major programs the branch is administering at this time are the Ontario farm adjustment assistance program and the farm tax reduction program. They will be administering the farm assistance program and they operate a number of other grant and subsidy programs which I will describe shortly. The branch is responsible for the program design, implementation and ongoing assessment evaluation of the programs.

With respect to crop insurance and farm income stabilization, the title really describes the functions. In terms of crop insurance, the branch administers the Canada-Ontario crop insurance program. They are basically responsible for research, underwriting the sales, insurance adjusting, claims processing and payment. They are basically acting as an insurance company.

In farm income stabilization, the Ontario program supplements the federal program. The branch is responsible for the program design and implementation, sales, registration, claims processing and payment.

Moving quickly to the economics branch, the functions are both policy in nature and relate to the development of economic information systems. In terms of policy analysis, the branch has an ongoing responsibility to monitor and analyse all issues, such as the proposed federal feed grain policy, the Crow's Nest Pass situation, bankruptcy court, and so on—a wide range of areas. They also look at the interprovincial, national and international perspective. They look at developments in other jurisdictions and how they relate to Ontario.

With respect to policy development, this branch works in support of other branches in the ministry. It has been involved with development of the seed potato proposal, with development of a northern strategy, with assisting in the development of the beginning farmer program and a number of other programs. They

address a wide range of issues in terms of policy development.

In economic information systems, the branch is responsible for the collection of agricultural statistics, establishing a data base for use by the ministry and for our clients. As well as collecting the data, the branch is responsible for the analysis and interpretation of such information, for its publication and dissemination, for market intelligence and for the development of cost production studies for specific commodities. More recently, the branch has become heavily involved in forecasting, which will be a major function in the future.

2:50 p.m.

Strategic planning is one of the newer units within finance and policy. It has a whole set of responsibilities. The first set relates to financial information systems. In terms of resource planning and allocation, the branch is responsible for assisting in determining ministry needs. It also negotiates with the central agencies of government regarding allocation to the ministry and the redistribution of such funds, once they have been allocated to the ministry.

In management information systems, the branch has responsibility for developing the financial resource information system, the human resource information system, program information, and so on. These are all used throughout the management decision-making process. I should add that it also involves the estimates debates.

In terms of outside agency liaison, the central agencies branch really serves as a clearing house and a quality control agent in all our dealings with committees, cabinet, Management Board, and so on. With respect to external client groups, the branch is involved in orchestrating many of our meetings with these external groups and receiving the briefs, having responses prepared to those briefs, and basically serving in a co-ordination function to help improve the service for our client groups.

In policy planning, the major responsibility of the branch is long-term planning and the direction of the agrifood system. Their role is as much co-ordinative as it is developmental in that they work through the entire organization, trying to identify long-term goals and directions we should be taking. The branch is also involved in a number of specific projects, basically supporting other branches. A couple of the ones involved at this time relate to crop insurance credit and the red meat sector.

That basically provides a brief overview of the four branches within the unit. I would now

like to go briefly through some of the major programs.

The first ones I would like to look at are the compensation and subsidy programs operated within the farm assistance programs branch. These specific ones are not major in nature, and I can go through them rather quickly.

Under the Dog Licensing and Live Stock and Poultry Protection Act, the ministry reimburses municipalities for moneys paid to farmers or, in the case of unorganized territories, reimburses farmers themselves for livestock and poultry killed or injured by wolves or honey bears. Just to give you an idea of the magnitude of this area, we had 1,394 applications and spent \$222,000 here.

Under the livestock compensation program, the ministry provides compensation to owners of livestock and poultry killed or injured by bears. There were 33 applications and \$14,620 was spent. Under hunter damage, we provide compensation to owners of livestock killed or injured by hunters and also for farm machinery or equipment that is damaged. We had 79 applications and spent \$28,641.

Grants were paid to various northern Ontario insemination units for the purpose of promoting artificial insemination to cattle owners. There were 33,759 cows inseminated for \$95,000. Under the livestock improvement program for northern Ontario, the ministry provides assistance to farmers to improve the quality of livestock in northern Ontario. We had 162 applications for approximately \$54,000.

The northern Ontario livestock transportation assistance policy provides assistance to farmers in northern Ontario to improve their herds by assisting in the transportation costs. We had 78 applications for \$10,400.

Through the pure-bred beef and dairy cattle assistance policy, the ministry provides assistance to breeders' clubs in defraying the cost of conducting consignment sales. There were 15 applications for \$2,600.

Under the special livestock shows assistance program, the ministry provides grant assistance to breeders' associations and clubs and poultry associations for payment of prize money at special shows. We had 68 applications for \$5,700.

The Canadian Western Agribition program, a joint federal-provincial program, assists cattle producers who ship livestock for exhibition at the agribition. There were 13 applications for \$5,800.

The transportation of livestock exhibit assis-

tance program defrays the cost of transportation. There were 13 applications for \$24,500.

The rabies indemnity program is a federal-provincial program. The ministry compensates farmers for loss of cattle due to death by rabies. There were 378 applications for \$257,000.

Mr. Riddell: Before we leave compensation losses, I wonder if I could bring up a matter which was just brought to my attention at noon.

One of the farmers in my area leases land from the government. It is land that surrounds the Grand Bend sewage lagoon. He has sheep on that land. Wolves attacked the sheep just recently and killed quite a number of them. When he contacted the ministry in Huron county, they indicated that he would be compensated for his sheep losses, but that he would not be compensated for trying to get rid of the wolves.

He contacted the Middlesex ministry and the chap there said, "No problem, I will come right up." He went up to his place and said, "Yes, if you were in Middlesex county, you would not only be compensated for your sheep losses, but we would also compensate you for trapping the wolves."

They did. They set traps out and they caught at least two wolves. He tells me—he was just livid when he phoned me—that they are not prepared to compensate him for the cost of actually trapping those wolves in Huron county, whereas Middlesex county said, "Yes, if you were in Middlesex, we would."

I bring this to your attention, hoping that I can get a response. I have to know why there is a difference in the program carried out in Middlesex county as compared to Huron county.

Hon. Mr. Timbrell: Let us check that out then.

Dr. Benson: We have to. Under the Dog Licensing and Live Stock and Poultry Protection Act, we would pay for the damage done to the sheep.

If there were any other program—it could be a municipal program or through another ministry—

Hon. Mr. Timbrell: Maybe after you have finished, you could go phone the staff and try to clarify that.

Dr. Benson: Fine, we will follow it up.

I have three minutes left.

Mr. Chairman: We will give you an extra minute there for that question.

Dr. Benson: Thank you. On the beginning farmer program, the details are in the process of being developed. What has been announced in

the throne speech and in the budget is that it will be a program which will provide interest subsidies up to five per cent for five years with respect to interest rates that are above eight per cent. It will be \$9 million for the first year and \$135 million over five years.

Just to show you where the \$135 million comes from, we have the next slide. It is cumulative, and each year there is an additional \$9 million. There is carryover from the prior years; the cumulative total for the five year program is \$135 million.

The crop insurance—

Mr. McKessock: Just before you leave that program, I have been called by a number of young farmers who are wondering why this program is not announced, because farmers want to get started at the beginning of a growing season.

Hon. Mr. Timbrell: Very simply, because we have to get final approval. We have been negotiating with the Treasury and now we have to go to the cabinet committee on resources development and then Management Board of Cabinet. We go to CCRD tomorrow.

Mr. McKessock: It is just a little out of time with the farming season, because farmers wanted to get started.

Hon. Mr. Timbrell: I would like to have had it announced a long time ago, but it is complicated and it has involved a lot of financial negotiations.

Mr. McKessock: Is it going to be connected with the Farm Credit Corp.? Should these people go ahead and apply for farm credit?

Hon. Mr. Timbrell: I will be announcing all that once I have got final approval.

Mr. McKessock: If they knew that part, it would make it easier for them to save some time now by applying to the Farm Credit Corp. They are not sure whether it is going to be a provincial program or whether it is going to be connected with the Farm Credit Corp. They are really left in limbo as to what to do.

3 p.m.

Hon. Mr. Timbrell: It is still in limbo.

Dr. Benson: The crop insurance program is a Canada-Ontario program where the premiums are shared between the federal government and the producer. One hundred per cent of the administration costs are provided by the province. Coverage is up to 80 per cent of average production and the natural perils covered are drought, excessive moisture, excessive rainfall,

flood, frost, hail, insect infestation, plant disease and wind.

The next slide will demonstrate the scope of the program. There are 47 crops, 20,000 farmers enrolled in the program and in excess of 29,000 insurance contracts. From 1969 to 1983 we have written \$2.73 billion worth of insurance and paid out \$261 million in claims.

With respect to the Ontario farm adjustment assistance program, the purpose is to assist those farmers in difficulty but who could be viable through a financial restructuring, reorganizing or consolidation. A secondary but important part of the program is to develop approved farm business management skills through counselling and so on.

The program is tripartite in nature in that the producers, the banks and government are all partners in this program. There are basically three program options. There are interest rebates to direct grants to reduce the interest payments up to a maximum of five per cent and down to 12 per cent. This was the most favoured option in 1982 when the interest rates were relatively high. This year the rate is significantly lower. Fewer producers will be using this option, however. There are a number at this point using rebates in conjunction with some of the other options.

The second option, which has been most prevalent in 1983, is the guarantee on loans, where the bank provides the operating credit and the government basically provides the guarantee on the loan.

The third option is interest control, where the bank defers the interest for a period of up to six months and the government guarantees that interest.

The next page shows the magnitude of the Ontario farm adjustment assistance program. Just looking at 1982, there were 3,510 approvals for the interest rebates, 717 for guarantees on loans and five for interest deferral. In 1983 you see 622 approvals for interest rebates, 429 guarantees on loans and four for interest deferral.

There are a number in the process right now. They have applications either with the bank or in the process of being submitted to the decision committee. We anticipate there should be several hundred more through that program within the next couple of weeks. Most of them will be guarantees on loans.

The tripartite stabilization, a major initiative, was brought about because of the unsatisfactory nature of the current federal program to harmonize provincial programs, decrease the ad

hoc payments, provide fuller planning, reduce the risk from any of those involved in this sector and to bring about greater market efficiencies.

We have agreement in principle amongst the provinces and the producers that the program should be tripartite in nature and cost-shared by the federal government, provincial government and the producers. Those are the three parties that should be part of the process. It should be national in scope, voluntary on the part of the producers, and it should address all non-supply-managed commodities.

The agreement in principle was reached on March 1. Subsequent to that, meetings have been held with officials. Meetings were scheduled for April, May and June working towards the joint federal-provincial meeting in July where, hopefully, we will be able to arrive at a consensus. If the last of the problems can be worked out, the program can be operational, specifically for the red meat sector, towards the latter part of the year or the beginning of next year.

The last one, which I would be pleased not to discuss, is the Ontario farm tax reduction program. I assume there will be ample opportunity to discuss it throughout the estimates.

Mr. Chairman: Thank you very much. I am sure there will be questions on all three presentations throughout the estimates. If everybody is happy with the presentation, do you want to just carry them now?

Mr. McKessock: Carry them where?

Mr. Chairman: That does not seem to be too popular.

Mr. Riddell: First, I want to thank the minister for giving us a very complete and detailed statement pertaining to his ministry. Taking the time to learn more about the reorganization was worth while, although I am wondering if the opening statement of the minister and that of his deputies, amounting to 20 per cent of the time allotted for the estimates, was intended to knock the wind out of the sails of the opposition members.

Believe me, it simply provided the calm before the storm. I do not intend to be too stormy, but I am most anxious to hear my good friend Mel Swart, when it is his turn to make opening comments for the New Democratic Party.

I was a little bit offended that we did not get the background information until the first part of this week. As a matter of fact, I do not believe it arrived on my desk until yesterday. We were

not provided with a copy of the minister's statement until he was well over halfway through his brief. It just seems to me that opposition members around this place—I am not only talking about opposition members in Agriculture and Food but in general—are treated like a bunch of mushrooms. We are kept in the dark and fed a steady diet of horse manure.

Mr. McKessock: You do not do as well on it as mushrooms do.

Mr. Andrewes: That makes you grow.

Mr. J. M. Johnson: You are too sensitive. The minister loves you.

Mr. Riddell: I just take a little offence at some of the things that are going on. I brought it to the attention of the minister after the agricultural conference had been completed that none of us in the opposition parties was given an invitation to attend that conference. The minister endeavoured to explain it by saying that he had left orders with some of his officials to invite both Mel Swart and me. There seemed to be some slip up back in the office, and I accept that.

Mr. McKessock: Was this the gloom and doom conference?

Mr. Riddell: I also understand that the Tories did their best. I do not know. I cannot believe that it was under the instruction of the minister, and I will not believe that. However, word got back to me that the Tories did their darnedest to try to get me put off the head table at the time the minister was addressing the Empire Club.

You sometimes wonder why somebody like me has to take out his frustrations in the Legislature by using tactics that I do not like to use. However, they are the same tactics I would use in the classroom when I was teaching school. I think you are well aware of some of the actions I had to take in the Legislature. It is exactly the same thing I would have done to one of my students had he put on the display that one of your colleagues did at the time the budget leak was brought to the attention of the Legislature.

3:10 p.m.

However, I am going to tell you that what I did in the Legislature was well reported. I have had a number of people come up to me, not only from my own constituency but from across the province, telling me to keep up the good work, to shake up the Tories in the Legislature, and to remind them that the Ontario Legislature consists of 125 members, 70 of whom are Tories with 55 representing the other two parties.

They tell me that this does not give the Progressive Conservative Party the divine right to rule. It is not only Liberals who are telling me this; it is Tories who fully understand the frustrations that we go through. I am going to tell you why they understand the frustrations that we go through in the Ontario Legislature.

Both you and your deputy have travelled across the province and have met with some of the farmers who are enduring tough times. They are having financial problems. They have established meetings and they have invited you and your deputy to attend these meetings. I get a report back from those meetings and, believe me, after both you and your deputy have finished, the farmers simply walk away frustrated and insulted. They tell me that you retain your cool, but that you do a marvellous job of skating around the questions they ask you rather than meeting them head on.

Hon. Mr. Timbrell: Or giving them the answers they want to hear.

Mr. Riddell: As far as your deputy is concerned, they tell me that they come away from the meetings highly insulted. I am going to tell you that no one can treat the farmers of this province like a bunch of Neanderthals.

Hon. Mr. Timbrell: I agree. You are so right.

Mr. Riddell: I believe that my colleague Mr. McGuigan raised the matter in the Legislature in one of his speeches. We are both farmers and we are not going to be treated like a bunch of ignorant people who do not understand.

As far as the reorganization of your ministry is concerned, I applaud that. I did indicate to you that some of the agricultural representatives are a little upset. They are supposedly looked upon as being the storefront to your ministry, but I believe, and I follow this very closely, that a more proper definition would be a welcome mat in front of that so-called store.

Their budgets have been cut. In many cases they have been short-staffed for some period of time. For reasons beyond my comprehension, it took you three months to reappoint an ag rep in Middlesex county. I believe I wrote you a letter recommending the associate ag rep Don Agar to replace Sandy Forsythe. I do not, for the life of me, understand why it would take that long to make a decision as to who was going to replace Sandy Forsythe. I know that we have gone short-staffed in Huron county, but just recently you did appoint a person to move into a vacancy that existed within that particular department.

Not only are the ag reps somewhat concerned

about the reorganization, but a lot of farmers have asked me, "What is going on within the ministry? Is this reorganization going to give us a higher profile?" I hope it will, I trust it will, and I believe it will.

However, knowing what has happened in the field of education, where we centralized the educational system, removed the local school boards and established county school boards, which has taken a long time for people to accept, many of the farmers are a little sceptical that the same thing is happening here, that you are becoming administratively top-heavy, with too many chiefs and not enough Indians actually working in the field. Believe me, I have received quite a few complaints in this regard.

When you were appointed Minister of Agriculture and Food, my comment, which did not stand me in very good stead with some members of my own caucus and some of my supporters, was that, for once, the government has decided to give agriculture in this province a breath of fresh air. I believe that was very close to the comments I made.

Hon. Mr. Timbrell: I think I have them here somewhere.

Mr. Riddell: I have been following your progress very carefully and I do not want you to take anything I say as a personal attack on you, but I am convinced that for a minister to carry out his responsibilities adequately in the field of agriculture and food, he should have an agricultural background or farming experience or, preferably, a combination of both.

The way you look upon the financial difficulties of some of our farmers convinces me all the more that you do not fully understand the dilemma, the depression, the trauma that these farmers are going through. They know they are probably going to lose their property, which has been perhaps handed down to them or conveyed to them in some way, shape or form by their forefathers, many of whom came into this country and cut that good agricultural land out of the bush. I do not think that anyone, unless he has actually experienced farming himself, would know the serious depression these farmers go through when they know they are up against it and that there is no help forthcoming from the government.

You, like I, have had the security of an income, although I have farmed on a full-time basis and I know what it is to struggle and to bear all the risks there are involved in farming. In my estimation, there is no other business that is at the mercy of the weather, the vagaries of

the market and the rapidly changing prices, including input costs. We all know the reason a lot of our farmers are in trouble today is the escalating interest rates which they had nothing to do with. It was not the farmers who put the interest rates up; it was the policy of the government and the Bank of Canada, and the farmers got caught. Now they are in trouble and many of them stand to lose their farms.

Due to your lack of owning property which you make your livelihood out of, I sometimes think that you lack a little bit of sympathy for some of these farmers and that you really do fail to understand. I am going to read to you an article. I believe this was a letter that was written to you, but it was also put in the weekly papers that service my area.

Hon. Mr. Timbrell: Let me guess who it is from: Cletus Dalton.

Mr. Riddell: Cletus Dalton of RR 3, Goderich. You may think he is a radical kind of a person, but knowing the person, I think he showed considerable modesty in writing this kind of a letter. I really think he was endeavouring to express the views of many farmers who are really up against it at this time.

The letter is to the Honourable Dennis Timbrell, Minister of Agriculture and Food:

3:20 p.m.

"In regard to your informal visit to Lucknow on April 20 to attend the North West Huron Regional Federation information meeting: Due to your lack of sincerity and lack of a rural agricultural background, I believe that you did not comprehend the true feeling of the crisis that faces agriculture today.

"I believe that living in a democracy is a privilege and to keep earning that privilege, an enlightened Minister of Food and Agriculture should encourage his farmers to participate in the various democratic farm institutions and he should receive his direction from the grass roots.

"I am the young farmer who referred to the 58 farm auction sales in the weekly Western Ontario Farmer with over 300 farm listings in one issue, only a small percentage of the total sales and listings this spring. I stated that these farmers are not retiring with farm values down by 50 per cent of what they were in this area in 1981. They are going broke, Dennis, and selling off machinery and land assets to stay in business. Many are barely hanging on by their fingernails.

"It was I that sold white beans for \$11 per hundredweight, only 50 per cent of the cost of

production, last fall. It was I who paid over \$350,000 in interest in my 12 years farming. If this is not efficient, then show me the farmer with \$350,000 in his savings account.

"I talked about the dilemma of borrowing money at 12 per cent on an operating loan and not being able to do anything but watch interest rates soar to 24 per cent, which killed my beef business and destroyed the family farm that my wife and I had built with pride and dignity. We have been robbed of both.

"The 20 per cent of farmers who produce 80 per cent of the food were encouraged by government and banks with good business decision. Now that interest rates and the economy have changed, the people who made these decisions for sound financial reasons are facing bankruptcy.

"The unfortunate part is that if something isn't done to correct the situation, the resulting loss of value in our equity is eventually going to level us all, even the cautious farmers.

"All farmers are directly involved. As the bottom farmer loses his land and machinery and it comes on to the market, as we have witnessed in some areas, the prices decrease by 50 per cent. As this continues to spread, it reduces everyone's equity to the point where more people have insufficient equity to finance, leading to more farm sales.

"Only one per cent of the provincial budget is spent on agriculture and yet agriculture is the primary industry, all others are secondary. Each dollar of gross farm income—"

There must be an error here. It says, "Each dollar of gross farm income - \$7 in gross community income."

Hon. Mr. Timbrell: Equals.

Mr. Riddell: It might be equals, I guess. "Each dollar of gross farm income equals \$7 in gross community income."

"As our farmers fail, so does the rest of society. You cannot protect the jobs of Massey-Ferguson, etc., unless the farmers can buy their products. If interest rates and farm prices continue their devastation on the farms, the rest of the economy will crumble. The rest of society follows agriculture by six to 12 months, so our troubles are their troubles.

"This province has shortchanged farmers on credit accessibility, relying mostly on the federal government and private lending institutions. Quebec provides 56 per cent of its provincial budget as financial assistance to its farmers; Alberta, 45 per cent; Manitoba, 21 per cent and Ontario, only 8 per cent.

"For starters I would suggest interest rate relief, under the Ontario farm adjustment assistance emergency program for financially distressed farmers, should subsidize interest rates by four per cent down to eight per cent. The OFAAP eligibility criteria should be relaxed to include farmers with less than 10 per cent equity.

"Surface knowledge or psychological tricks may entice some people, but if you want to make politics your profession, there is no firmer rock to build on than a foundation of spiritual wisdom.

"Is this some naive pie in the sky? Not at all. In my estimation, that's where genuine sincerity comes from, and sincerity is political power. It's more powerful than any learned technique. It's putting why ahead of how—the secret of successful democracy.

"You've got the ball now, Mr. Timbrell. Might I suggest that you move with it. Don't spin your tires, this is your opportunity to establish a successful political career."

I think he is speaking on behalf of many farmers who would endorse what he has to say. When the member for Welland-Thorold (Mr. Swart) endeavoured to introduce an emergency debate in the Legislature, you responded by reading a letter that you wrote to the president of the Canadian Farmers' Survival Association, Allen Wilford.

Hon. Mr. Timbrell: That was in response to a question from Mr. Conway.

Mr. Riddell: Yes, right. I am just going to quote part of what you said.

"Most importantly, I feel very strongly that the people of this province would not accept any program, for whatever sector of society, which would allocate their tax resources without regard to financial viability. As guardians of the public purse, I am sure the vast majority would not expect less of us than careful stewardship of their hard-earned tax dollars. Financial viability must remain as a cornerstone for programs administered by this ministry."

My question to you is: Are you a guardian of the public purse or is this government a guardian of the public purse? Are they exercising careful stewardship of their hard-earned tax dollars when they—

Mr. McKessock: Buy Suncor.

Mr. Riddell: Yes, I have a list here—when they sink \$650 million into a 25 per cent share of an oil company for which there is not one job created in Ontario, nor is there one trickle of oil

brought into this province for our use, knowing full well that the federal government has the jurisdiction over the distribution of oil in this province?

There was \$100 million sunk by this government into the modernization of pulp and paper. I am not minimizing for any minute the importance of the pulp and paper industry in this province, but I am trying to make some kind of a comparison between what you consider to be a priority and what I consider to be a priority, and that is the agricultural industry of this province.

There was \$28 million sunk by this government into the Ford Motor Co. of Canada Ltd. There was \$45 million sunk by this government into Minaki Lodge. I happened to be sitting in the estimates when we were doing the Ministry of Natural Resources and we were told that the government does not intend to recover that \$45 million at any time. That is set out here, and now they proceed from this point on, hoping that the thing will pay its own way.

Mr. Swart: It's a joke.

Mr. Riddell: There was something like \$200 million sunk into Chrysler. I haven't got the figure for Massey-Ferguson Ltd. I don't know whether anybody here knows, but the point I am trying to make—

Hon. Mr. Timbrell: The \$200 million was with respect to what?

Mr. Riddell: Into Chrysler Canada Ltd.

Hon. Mr. Timbrell: I will check all your figures. I think our stake in Chrysler was \$10 million.

Mr. Riddell: Figures aren't all that meaningful. What I am trying to point out is that the government has no hesitation in using taxpayers' dollars to bail out some of these companies that are most reliant on the farming business, but for some reason the government is very reluctant to sink money into the most important industry in this province, as far as I'm concerned, the agriculture and the food industry. It employs, depending on whom you listen to—some say one out of five people directly and indirectly; others say one out of four.

I don't know why we are prepared to let some of these farmers facing financial difficulty go down the drain, particularly at this time, when we should be at least helping them to get their crop into the ground and make some kind of recovery when they go to harvest it. If they prove at that time that they are not going to be viable, then maybe that is the time. They should be warned now that if they cannot prove

viability come fall, then they had better be looking to take other measures.

I just fail to understand why we can't find operating capital for these farmers, some of whom are going to go. I recognize that fact. Some of them are so deeply in debt, some of their own doing. Here again are farmers who never dreamed, when they were borrowing money to expand or get into the business, that the interest rates were going to double. They never dreamed that they were going to be looking at extremely low commodity prices last year. The picture doesn't look all that much brighter this year.

3:30 p.m.

The other problem they are facing is the weather. Believe me, the farmers are in a real dilemma at this time because of the wet weather. There is all kind of land that has yet to be planted in corn, so they are scurrying around trying to exchange their seed for an earlier-maturing variety. Some of them have decided they are not even going to plant the corn; they are going to put it into beans. Maybe the only salvation out of this whole thing will be better prices come fall.

Let's at least see if we can't help these farmers get their crop planted. I just don't see any sense in having this land stand idle due to the fact that the farmers cannot get sufficient operating capital to get their crop planted.

In your opening comments, you spent a good part of them dealing with the world agricultural economic situation. Then you dealt with Canadian agriculture, touched a wee bit on agriculture in Ontario and then turned the show over to your deputies to give us a fairly detailed outline of the reorganization of your ministry. You didn't seem to want to spend much time on the very critical issue of farmers' survival on which we could probably spend most of the estimates.

The farmers have a great deal of financial difficulty and their financial problems are compounded by the weather conditions. Believe me, my heart really goes out to them. I suppose the reason for that is that I have farmed, I still farm and I know what it is to try to rely on farming for a livelihood with all the risks involved that I mentioned previously.

I don't know whether you have had farmers come into your office, but I have had them come in and break down and cry. It really tears your heartstrings when you see a big strapping farmer actually break down and cry because he is going to lose his farm due to the fact that he is not going to get financial assistance from the

government to try to keep him going for at least this year.

I would sincerely hope that we might take a further look at your Ontario farm adjustment assistance program and consider those farmers who cannot meet the 10 per cent equity criteria. As far as I am concerned, for this year we should even look at some of those farmers with a zero equity. Let them get their crop planted, and between now and harvest time they will have the opportunity to decide whether they will take it upon themselves to take other measures to get out of their problem. I don't think we should be forcing them into bankruptcy at this time.

I have just one comment on a statement Mr. Doyle made regarding the preservation of land. I can't buy his comment that there is no sense in preserving agricultural land if farmers can't make a living on it. That's like saying there's no sense in mending a broken bone unless the patient is going to get full use of that limb.

It's up to the doctor to make sure the patient is going to get full use of that limb by mending the bone. It's up to this government to help the farmers in every way it can to make a living off the farm, and that means preserving agricultural land. To think that we are prepared to let agricultural land go into other uses simply because the farmers of this province are having difficulty making a living off that land doesn't wash with me.

Hon. Mr. Timbrell: With respect, it wouldn't wash with me either because that is not what he said. I think Mr. Doyle was making the point about the need for effective marketing programs and saying that since you put all the effort into preserving farm land, you have to have an equal effort to promote the agricultural product and to have programs, like the stabilization programs, to make it worth people's while to farm that land. That is the point he was making.

Mr. Riddell: I agree with that, but I will check Hansard. I do not know whether the member for Welland-Thorold (Mr. Swart) heard him, but I am sure he said something to the effect that there was no sense in preserving agricultural land if the farmers cannot make a living on it. I just hope he is not going around the province making that kind of a statement.

Mr. McKessock: We may need it in the next generation.

Mr. Riddell: To my way of thinking, it is preposterous.

Mr. McGuigan: I picked that up too.

Mr. Riddell: The present emergency—economic difficulties facing the agricultural industry in Ontario—are directly related to the lack of commitment to agriculture by this government. I am convinced of that. Ontario continues to experience the highest farm bankruptcy rate in Canada. In 1982, 43 per cent of farm bankruptcies were in Ontario and for the first four months of 1983 there were 62 bankruptcies in this province. In other words, it is estimated that a farmer goes bankrupt in Ontario every two and one-half days.

For 1983 all projections point to the fact that farmers will be lucky if they realize net farm incomes that will return them to 1981 levels. The recent provincial budget did nothing to give Ontario farmers any confidence in the future of their industry. It has failed to provide any sense of direction to farmers at a time of greatest need.

Before I carry on with this, I am going to be critical, and I suppose it is part of my job as an opposition member to be critical, recognizing as well the many good things that this ministry has done. I do not want you to think that I look lightly upon some of the good programs you have carried out within your ministry. We can applaud the tile drainage program. I have already talked about the reorganization of your ministry.

Mr. McKessock: There should be another one.

Mr. Riddell: Yes, I must admit that I have not had a chance to read that speech yet. It came across my desk. I want to thank you and your staff for sending us copies of your speeches. We find them most helpful. I will say I use some of your remarks when I am out speaking in the province because I do feel that, with some of your speeches, you try to strike a positive note for the farmers. I think that this is what the farmers have to have today. I think the last thing we should be doing is going around and talking to farmers in a very critical fashion because they are depressed enough now. God knows, we do not want to depress them or discourage them any more.

I must say I get co-operation from your staff if I phone your ministry and talk to your deputy and I must say I appreciate the straightforwardness of your deputy. With me, I would just as soon he did not go out across the province and talk to farmers in this fashion, but if I were to call him an SOB, if I did not like some kind of a response I got from him, he would turn around and call

me a dirty SOB, and that is fine. We are on even ground then.

Hon. Mr. Timbrell: It just shows all things are relative.

Mr. Riddell: Just do not go out and talk to the farmers in that fashion because they are not used to this political gamesmanship that goes on. They feel highly insulted if the minister goes out and leaves them with the impression that they are a bunch of Neanderthals, as I have already alluded to.

Mr. Swart: Or a bunch of losers.

Mr. Riddell: Getting back to my comments here, the recent provincial budget did nothing to give Ontario farmers any confidence in the future of their industry. It has failed to provide any sense of direction to farmers at a time of greatest need. In fact, the budget offers farmers \$35 million less than last year. Agricultural budgetary expenditures are to remain at 1.09 per cent of total budgetary expenditures, the same level as two years ago.

The minister's argument that we cannot compare this year's decrease in the overall budget allocation to that of last year, or even of two years ago, because of the extraordinary expenses for emergency assistance in those years, is a clear indication of the government's failed ad hoc approach to agriculture.

Inadequate long-term commitments to agriculture lead to instability and the need for emergency assistance. Believe me, this very fact has been brought out time and time again when I attend farmers' meetings. They tell me they cannot do their planning based on the Band-Aid or ad hoc programs of this government.

3:40 p.m.

If this government wants to come in with some long-term agriculture strategy, the farmers can plan on that basis, but they cannot continue to operate year after year after year not knowing what the government's goals are or what its strategy is. The fact of the matter is that the government does not have a long-term strategy, and this is a complaint that I get time and time again.

Moreover, when the minister mentions that last year some \$45 million was advanced to the crop insurance commission to compensate farmers for their tobacco crop losses, he conveniently forgets—and again this is a case of political gamesmanship that we have to get used to in this blasted place—to mention that \$15 million of that \$45 million will go for loans, which will be recovered through increased rates

for crop insurance. Another \$15 million will be reimbursed by the federal government.

Let us not go across the province saying, "We kicked in \$45 million to save the tobacco producers," because it is not \$45 million that you are actually spending. You are going to recover it, both by way of the loan and from the federal government.

Furthermore, the minister does not mention that the Ontario farm adjustment assistance program was underspent by \$20 million last year, which means that the same \$20 million will be carried over to this year. In view of the declining interest rates, the province will be hard pressed indeed to spend the full \$18 million that was allocated for this program. In fact, only about \$18.8 million has been spent so far.

We believe the guidelines under this program must be relaxed to allow producers with under 10 per cent equity to be eligible. The interest rate should be subsidized from the current 12 per cent down to eight per cent.

The interest subsidy portion of that program is redundant because the farmers can get interest rates in around 12 and 13 per cent. The only useful part of that program now is the guaranteed line of credit, but even this government has backed away from that, saying that it was only going to put up the 50 per cent guarantee. This is causing all kinds of problems with the farmers because the banks are taking the attitude that if the government is reneging on its commitment, why should they be expected to take the risk. That is almost what they are telling some of the farmers verbatim.

Hon. Mr. Timbrell: Could you give me the name of a specific bank, or a bank manager who has said that the government has reneged? Give me a name.

Mr. Riddell: Of a bank or a farmer?

Hon. Mr. Timbrell: No. You said the banks are saying the government has reneged. Can you give me the name of a bank manager who has said that?

Mr. Riddell: I will get it for you.

Mr. McKessock: That one I gave you before.

Hon. Mr. Timbrell: No, we will get into that. Give me a name.

Mr. McKessock: And you have that one.

Mr. Riddell: We are disappointed that while tile drainage is essential for the improvement of Ontario's food land, and an additional 2.9 million acres are still in need of improved drainage, the funds allocated for this purpose

for next year will be reduced by \$6 million from that allocated last year.

We believe that instead of reducing these funds, the government should be providing up to \$50 million per year and should cover 75 per cent of the cost of the drainage work as opposed to the present 60 per cent. We were glad to see, however, that the government took our advice and recently reduced the interest rate under the program to eight per cent.

The budget has also failed to announce any financial assistance for the administration of a financial advisory body to act as an ombudsman between the farmer and creditors, to review a farmer's financial situation and to make recommendations for solutions. Because of the inaction of the government on this need, the Ontario Federation of Agriculture has been forced to set up its own advisory service. I think they are supported in large measure by the other major farm organization, the Christian Farmers Association.

The capital grants program for production facilities was recently replaced by an erosion control protection program. We believe there is still the need for large amounts of capital grant money for farmers, for modernization of buildings, for equipment, energy development and other projects which would increase efficiency.

Now the minister was saying that one of the goals of this ministry is to help the farmers improve their efficiency. I think we should broaden the horizons as far as the capital grants program is concerned and not simply restrict it to erosion control if, indeed, we are going to help the farmers to improve their efficiency.

We currently import about \$2.3-billion worth of agricultural and food products into Ontario each year, yet there is no mention of an import substitution program. We could create thousands of new jobs in the agricultural industry by displacing these unnecessary imports.

There is no announcement of any programs that would develop the agricultural potential in northern Ontario, even though the government has announced marketing studies since 1977 to examine this question, and the minister stated last year that a northern agricultural strategy would be shortly forthcoming.

We did hear something from the Minister of Natural Resources (Mr. Pope) about a seed potato utilization distribution program that you are initiating in northern Ontario. I guess that is a foot in the door, but believe me, there has to be a far greater commitment by this minister as

far as the development of agriculture in the north goes.

We have yet to see the establishment of the acreage improvement fund promised in the Board of Industrial Leadership and Development program in 1981 for the upgrading of a million acres of northern and eastern Ontario land to high quality farm land.

The only major announcement for farmers in this budget is a beginning farmers' program which we, in this party, have been demanding for years now. Even this announcement, however, is merely a carryover of a promise made in last year's budget. I heartily agree with the comments that were made by my colleague, Mr. McKessock. I do not know why you are keeping the farmers and their agents in the dark.

You say you have some things to iron out yet with the Treasurer (Mr. F. S. Miller). When I spoke to you in the House, you told me that retroactivity was not a negotiable item as far as you and the Treasurer were concerned. So why do you not get up and tell the people that this program will not be made retroactive to the farmers who started in the business six months ago or a year ago? I would like to think the program would go back to the time when the farmer started in the business at what you call the brink of the recession.

I had some farmers come into my place on Saturday and they were asking questions about this beginning farmers' program. One man has two sons. One son purchased a farm here not too long ago, with the aid of Farm Credit Corp. money. The other son is on the verge of purchasing a farm, but he is going to try to hold off closing the deal until you announce your program.

The father asks, "Where is the fairness in this?" He says: "Here is my one boy who got started not too long ago, paying the maximum interest rate at the time, and who will really have to struggle. My other boy is going to get the interest relief or whatever you have in mind for your beginning farmers' program."

He said: "Jack, it is not fair. If this program is going to be introduced it simply has to be made retroactive to cover those young people who started in the business at a time when they were looking at extremely high interest rates, in comparison to what they would have to pay had they bought their land a few months prior to that."

We might be opening a can of worms, I do not know, but I am just telling you that these are the comments I am receiving from the farmers in

my riding. I am getting calls from lawyers asking whether to go ahead and close the FCC deals. I have been saying, "No, I have been trying to get the information from the minister but for reasons which I do not fully understand"—I can understand that maybe you are still trying to work out certain things with the Treasurer but, if retroactivity is not being negotiated, why can we not tell the farmers and the lawyers that, "No, the program is only going to become effective when the bill is passed"?

3:50 p.m.

I do not know why we have to keep the lawyers and the farmers on the hook, but I guess it is just like I said before—we in the opposition are kept in the dark—

Mr. McKessock: If it was in the middle of winter, it would not be so bad.

Mr. Riddell: That is right. This is the time when they want to make their purchases, get the crop in and get into the business of farming; not in the middle of July.

We have yet to see the details of this program and we will reserve judgement until that time. I hope, however, that this program will be made retroactive to include recent entrants into the agricultural industry and that the program criteria will be broad enough to accept loans outside the Farm Credit Corp. Maybe this is still one of the details to be worked out, but many of the standard lending institutions, the banks, are now getting into the mortgage business pretty heavily.

It is not only the FCC that is putting out long-term money, the banks are as well. I would hope this program would apply to the other lending institutions and not simply be restricted to the Farm Credit Corp. If these farmers cannot get money from FCC, they turn to their banks. In many cases they are getting mortgage money from the bank.

We are also concerned that this budget contains no announcement for increased financial assistance for the Ontario Veterinary College which, as members of this Legislature are aware, has recently had its accreditation reduced for the first time since its beginning in 1922 because of lack of proper facilities and well-trained instructors.

I just simply have to refer to this article. The reason I am doing this is because I want you to know that we in the opposition party are not the only ones that are critical of some of your programs. We are largely backed up by people who are affected by the lack of programs.

This was the article that appeared in *Farm and Country* dated May 24 and I quote: "Some officials have been sloughing it off as no real crisis. Yet news that the Ontario Veterinary College (OVC) lost its full accreditation status has left a bitter taste in rural mouths."

"The news was no surprise. The lack of needed funding to bring the OVC up to snuff had been widely reported for almost two years."

I well recall raising this in the Legislature at least two years ago. The then Minister of Agriculture and Food, Lorne Henderson said: "Oh, don't worry, we will never let the OVC down. It will not lose its accreditation. We will be there when they need it." Look at what has happened.

"Since little was done to avert the status change to limited from full accreditation, farmers viewed it as another example of governments neglecting agriculture."

Mr. Swart: You need glasses.

Mr. Riddell: I do.

"It's a bit of an insult to the agriculture industry for the governments to allow that to happen," commented Ralph Barrie, Ontario Federation of Agriculture (OFA) president. His organization has been urging improved funding for both the OVC and Ontario Agricultural College for some time.

"Early May, the OVC announced the status change. It resulted from an inspection made by the American Veterinary Medical Association."

I am going to stop here for a minute.

Hon. Mr. Timbrell: I hope you are going to read the whole article where they quote me.

Mr. Riddell: Wait a minute now. One of the questions I have been asked and to which I was not able to provide the answer was: why is a Canadian institution governed by the American Veterinary Medical Association? Why do we have to accept their inspection? Why do we not have our own inspection?

They fail to understand why the American Veterinary Medical Association can come over here and say, "Okay, we are going to reduce your accreditation." Maybe you can tell me why we seem to be governed by the American standards.

"Limited accreditation basically means that the OVC has five years to reach the association's standards. Two main areas were found inadequate: actual space for classrooms, laboratories and so forth; and too few instructors and support staff for the number of students enrolled.

"Estimates of the funds needed to right the inadequacies have ranged between \$18 million and \$22 million. The money would have to come from both Queen's Park and Ottawa.

"It appears Queen's Park is ready to pitch in its share. Word from Ottawa is less certain.

"While the OVC isn't his direct responsibility, Ontario Agriculture Minister Dennis Timbrell recently indicated his interest in restoring the college's full status." Believe me, I applaud you for this if, indeed, that is your endeavour.

"He has talked it over with key cabinet ministers, the Treasurer, the Colleges and Universities Minister and the Chairman of the Board of Management. 'I have the commitment of my colleagues,' he told a Toronto news conference.

"The money, at least the province's half, will be found, he said. This year, for starters, a capital spending study should be done to iron out exactly where the money should go and when.

"Before even the study can go ahead a federal commitment for the other half is needed, Timbrell said.

"The Agriculture ministry already has won OVC praise for the \$1.8 million yearly it has given for the externship program. This allows the vet equivalent of teaching hospitals in human medicine.

"Timbrell noted that when the decision to grant that money was made the University of Guelph, with which the OVC is affiliated, listed the college as seventh on its capital spending priority list. That has since been changed to number one.

"Just how important is the slip in status? Although farmers feel insulted, not everyone is as concerned as they are.

"To me it's not a really serious matter," Assistant Deputy Agriculture Minister Clare Rennie told *Farm and Country*. His ministry is working with the Ministry of Colleges and Universities in 'every way possible' to help the OVC regain its full accreditation.

"I suppose it's upsetting to them (OVC),' he said. 'It's the first time they've ever had limited accreditation.' He stressed that the high quality of graduates will continue."

I don't know whether there is a great deal of sense in going on, but it seems to me that the college requires \$20 million in order to regain its full accreditation. This government has sunk \$1.8 million into improving the facilities and

expanding the teaching staff, but that is far short of the \$20 million which is needed.

Hon. Mr. Timbrell: May I respond?

Mr. Riddell: Yes.

Hon. Mr. Timbrell: I will be responding in detail to every point you make, but I would like to just clear this one up now.

In the OVC accreditation report of a number of years ago, they identified two problems. One had to do with clinical education, which has to do with staffing and programs for clinical education, particularly for what is known as an externship program. The other had to do with capital.

A year ago in April we corrected the first problem. We had asked the OVC to indicate how much it would need to correct the clinical education problems. They said \$1.8 million, and that is exactly what we granted them. We gave them the penny what they said they needed. That is carrying on this year, and will carry on each year.

I should make the point that the OVC has not lost its accreditation. In effect, what the accreditors have done is to place, if you will, a caution on their accreditation. If certain things are not corrected by the next accreditation in five years, they would be in danger of losing accreditation at that point.

I have raised this on countless occasions, going back to last year, with the federal minister. In particular, I would recite a breakfast meeting he and I had on November 25 last year. It was the morning of the day he was to address the annual meeting of the Ontario Federation of Agriculture.

I had asked to see him when he was in town to discuss a number of problems, particularly including the OVC. At that time, I got no encouragement that there was any federal money. That was not the first time I had raised the issue in 1982.

Since then, of course, the report has come out. We have been kept posted all the way along, by the president and deans, about the progress of that accreditation. We were certain that the problem would be identified again, because the capital side of it had not been addressed.

I have raised it on several more occasions. The House resumed April 18. I sat down in roughly the first week of April with the Treasurer, the Minister of Colleges and Universities (Miss Stephenson) and the Chairman of Management Board of Cabinet (Mr. McCague). I

said, "Look, this problem is coming, and it has to be addressed."

You understand that it is a kind of split responsibility. We have a contract with Guelph for the Ontario Veterinary College and the Ontario Agricultural College, but it is still part of the university, which comes under the auspices of the Minister of Colleges and Universities.

4 p.m.

Of course, there had been an earlier capital program agreement between the federal government and Ontario, back in the mid-1970s, at which time the federal government put up half the money through the Department of Agriculture.

The province, through the Ministry of Colleges and Universities, put up half the money, and the other signatories to the agreement were the Secretary of State of Canada and the provincial Minister of Agriculture and Food.

I raised it again recently several times with the federal minister, as recently as last Friday. When I was in Ottawa for that signatories' meeting, I spoke with Mr. Whelan and with his deputy minister, Mr. Connell.

As a result of my discussions with my colleagues, going back about seven weeks ago, and as a result of those discussions with Mr. Whelan and Mr. Connell last Friday, I am going to send this letter tomorrow. I wanted to clear the wording with the ministers involved. It has now been approved.

"Dear Mr. Whelan:

"Re capital funding, Ontario Veterinary College.

"I was pleased to have the opportunity last Friday to briefly discuss with you the matter of funding for capital improvements at the Ontario Veterinary College, University of Guelph.

"I have approval to inform you that, in principle, the government of Ontario is prepared to cost-share capital improvements at the Ontario Veterinary College with the government of Canada, with a commitment for the 1983-84 fiscal year of up to \$250,000 for program planning and architectural plan development.

"The government of Ontario is committed to plan for the actual physical improvement of facilities at the Ontario Veterinary College following program requirement development and physical plan completion.

"I feel it is imperative that we provide funds to initiate the planning process as soon as possible in this fiscal year. I hope you will be able to inform me at an early date of your willingness to cost share the planning phase of this project to the maximum amount of \$500,000 in this fiscal year.

"In addition, I would hope you will be prepared to make a commitment on behalf of the government of Canada for future physical improvements at the college.

"Kindest regards, sincerely."

The point of that last sentence is—and it was the point I made to Mr. Connell and Mr. Whelan last Friday—that there is no point in spending half a million dollars on planning in 1983-84 if there is no commitment to do something with the plans.

I have been involved in too many hospital projects, too many college and university projects and other projects over the years, as a minister and parliamentary assistant, where planning is done. Then the plans sit on the shelf for a couple of years, by which time building codes have changed, other things have changed and the plans are out of date. The money has been wasted.

Our commitment is to start the planning this year. We are committed to correcting the physical and capital deficiencies of the OVC. I am asking the federal government to do the same.

Mr. Riddell: When you were talking to Whelan and Connell, did you get any feeling that they are going to contribute towards the cause?

Hon. Mr. Timbrell: I detected some reticence about commitment to anything more than planning, frankly. Fortuitously, on leaving the restaurant last Friday afternoon, I ran into the federal member for Guelph who, notwithstanding his political affiliation, is an old friend of mine. This would be Dr. Schroder.

I mentioned it to Jim. I said, "You've got some leg work to do here as the local federal member, to make sure that the commitment is going to be"—and he will have a copy of that letter—"more than for just this fiscal year."

Mr. Riddell: We will be talking to our good friend in Ottawa, too.

Hon. Mr. Timbrell: Could I give you a list of things?

Mr. Riddell: I do not understand why they would want to go hellbent in constructing a new veterinary college in Prince Edward Island and completely ignore this one.

Hon. Mr. Timbrell: I agree, but as I say, if you would let me draw up the agenda, I will be glad to give you a list of things you might—

Mr. Riddell: Listen, I even told you that I

would be prepared to fly with you in your plane to Ottawa some time, to sit down—

Hon. Mr. Timbrell: I do not have a plane.

Mr. Riddell: —and have a chat with Whelan.

Hon. Mr. Timbrell: I do not have a plane. If you could guarantee that it would bring him around on a few things, I would have a plane.

Mr. Riddell: It would certainly help. I do not think you two fellows get along too well, do you?

Hon. Mr. Timbrell: Actually, not badly. You said there was another possibility?

Mr. McGuigan: There is one other veterinary college in Canada.

Hon. Mr. Timbrell: No, two. There is one in Saskatchewan and there is one in Quebec. The one in Quebec is also under the same kinds of limitations on its accreditation right now.

Mr. McKessock: The year of commitment should be upon us, as soon as we get these leadership conventions over with.

Hon. Mr. Timbrell: I am telling you that the year of commitment for us is now. The commitment has been made. Unless you are talking about Mr. Whelan's run for the federal leadership—

Mr. Riddell: Someone keeps telling me he might.

If I may continue, we hope the increased funding for the veterinary college will be announced as part of the \$8.4-million allocation for agriculture under the new capital acceleration program.

Hon. Mr. Timbrell: This is over and above that.

Mr. Riddell: What the budget did announce, however, is an increase in Ontario health insurance plan premiums. Farm families must pay 100 per cent themselves, which will cost \$2.67 million extra per year. The government's commitment of \$295 million to the whole agricultural industry pales in the light of the \$533 million that will be collected by tobacco tax alone.

In comparison, the Quebec budget—announced on the same day as ours—promised their farmers \$402.4 million. That is \$8,358 per farmer in Quebec; as opposed to \$3,578 per Ontario farmer. What does the largest farm organization, the Ontario Federation of Agriculture, have to say about your government's commitment to farmers in this province? I just want to read a few of the comments from their president.

"The president of the Ontario Federation of Agriculture said today the province should

reassess its relationship with the farming community.

"OFA President Ralph Barrie, commenting on the recent provincial budget, said 'the government is out of touch with Ontario farmers.'"

"There was next to nothing in the budget for farmers," he said. "Obviously the government is not responding to the problems agriculture is facing."

"Despite Treasurer Frank Miller's belief the economy is on the road to recovery, Barrie said that farming still has to turn the corner towards more profitable days.

"He said soft demand and low commodity prices have put many farmers in serious financial difficulty. He said farm bankruptcies and foreclosures are running at a record high level

"In March we told Miller that more financial assistance was needed to stem the flow of farm failures. That's just as true today as it was two months ago.

"The government has turned a deaf ear to our calls for assistance," he said. "If farming is to regain its strength, the government will have to start listening to the farm population."

That is not Jack Riddell talking, that is not Mel Swart talking, that is the president of the Ontario Federation of Agriculture talking on behalf of its 23,000 members.

Interjection.

Mr. Riddell: Twenty-five thousand or 23,000 — well, okay.

Another article from Farm and Country:

"Agriculture Gets a Low Priority.

"A good rule of thumb in analysing a budget is to see if you get your fair share when the tax dollars are being handed out. If you get more than your share, then you do not have much to complain about.

"Using that rule with Ontario Treasurer Frank Miller's budget of May 9 shows that we have a lot to complain about. Farm cash receipts make up about 3.8 per cent of the gross provincial product and the farm community about 4.5 per cent of the provincial population. But the agriculture budget was only about 1.2 per cent of the provincial budget.

"So it would seem that the province is not giving us our just dues.

"In the budget, Mr. Miller made a big thing about the beginning farmer program. It's a program we've needed for several years. But it only has a budget of \$9 million the first year. Yet in the same budget an increased tobacco tax will raise \$135 million. That could hurt the tobacco

industry more than the benefit of the new program to farming in general.

"And the beginning farmer program really isn't all that new. It was announced last year in the throne speech. But it took a year to pry the money out of Miller's tight-fisted hands.

"That lag says something about where farmers fit in the government's scheme of things. Obviously, we don't rank very high in its priorities.

"And then you have Miller talking about how the economy is off the critical list and getting stronger every day. And how it would be a waste of time to pump life into a body that is getting better on its own.

"He obviously isn't talking about the farm economy, which is suffering from anaemic commodity prices and still unaffordable interest costs.

"Of course, he did pay tribute to agriculture, calling it one of the 'cornerstones' of the economy. But offering one program that will only help 1,000 farmers is an ironic way of supporting a cornerstone of the economy.

"It shows how out of touch Miller is with farming. To use his own analogy, if the economy is to become healthy and vibrant once more, then the key sectors of the economy also need to be healthy. These days agriculture is far from healthy.

4:10 p.m.

"Rather than an overly optimistic budget predicting good times ahead, farmers need a realistic budget addressing the very real problems agriculture faces. A judicious injection of funds into interest rate relief and income stabilization would have been much better than the sugar pills offered.

"If the Treasurer wants a healthy economy, then he needs a healthy farm sector. That's a good rule of thumb for any government to follow. And considering the precarious nature of agriculture today, the rule is more important than ever."

That is not Jack Riddell talking, that is not Mel Swart talking. That is Ralph Barrie speaking on behalf of the 26,000 members of the Ontario Federation of Agriculture.

Mr. Chairman: The federation just grew by 3,000.

Mr. Riddell: I was corrected. I thought it was 23,000, but my good colleague, the very knowledgeable Jimmy McGuigan, tells me it is closer to 26,000.

Mr. McKessock: And they speak for a lot more who are not members.

Mr. Riddell: That is right. What is seriously required in this province is a long-term agricultural strategy within which farmers can make their decisions. Ontario farmers cannot hope to survive if they are left to plan on a year-to-year basis; to make decisions in a vacuum, if you will. The minister should act on the recommendation of the government action committee on the OFA task force report in 1981, which incidentally included your own deputy minister and which recommended that the provincial government should implement a strategy for agriculture.

The minister can have no more free rides hiding behind Mr. Whelan's shirt by arguing that the only thing that keeps Ontario farmers from prosperity is a tripartite stabilization program. The minister would, no doubt, like to see an end to top-loading programs by other provinces because it would end the comparison of the government's meagre programs here compared to those of other provinces, such as Quebec.

The so-called stabilization program that the minister continually points to whenever we question him on the need for his government to take action to help our farmers is really a phoney solution to the farmer's problems. The minister has agreed that any such program would be nonincentive and the returns would be below the cost of production. A stabilization program would not be a solution to all of the farmer's problems; it is merely one of the many tools that can be used to help farmers.

Hon. Mr. Timbrell: When did I agree that it would be below the cost of production?

Mr. Riddell: You were saying that a stabilization program would have to be such that it would not create an incentive to produce.

Hon. Mr. Timbrell: But then you agreed.

Mr. Riddell: And then I believe you mentioned something about the cost of production when I was listening to your comments.

Hon. Mr. Timbrell: What I said—I thought you agreed—was that it should not be of an incentive nature.

Mr. Riddell: No, I do agree with that.

Hon. Mr. Timbrell: I said there are various ways of doing it. In fact, if you look at the formulae that have been developed by the Canada Pork Council and the Canadian Cattlemen's Association, there is a very basic difference between them. The pork council model they are promoting is a cost-of-production based model. The Canadian Cattlemen's Asso-

ciation model is a three- or five-year margin average price system. There are different ways of doing it, but I never said that it has to be below the cost of production.

Mr. McGuigan: If it is nonincentive, that is just another way of saying below the cost of production.

Hon. Mr. Timbrell: Not necessarily. Sir, I thought you agreed with this and the producers representing these meetings agreed with it in the other provinces. The whole point is that however you do it—I have argued at the meetings in Regina and Toronto in the last seven or eight months that you can have an umbrella program with the principles that you want to follow, such as it being nonincentive and then by commodity, as long as they meet those principles. You can do it different ways. The cattle and pork producers have, in fact, come up with these proposals that are quite different options.

Everybody wants it to be nonincentive because they all recognize that if you have a program that encourages unnecessary production or overproduction, then the effect of dumping that overproduction in the product just exacerbates the problem for everybody.

Mr. Riddell: We would agree with you there, but I just heard your deputy refer to a stop-loss program, which I believe it should be. To my way of thinking, it means a program whereby the farmers will at least meet their costs of production, and not expect to have to accept a program which would give them below their cost of production. I mean, no farmer can stand that, either.

Hon. Mr. Timbrell: There a couple of ways of doing it, and that is especially why I have insisted right from the beginning—going back to last July when the agricultural ministers met in Prince Edward Island—that the work that goes on to design this program has to include the producers.

You will recall that I insisted, when we broke up at Halifax last July, that any follow-up meetings—my first position was that any follow-up meetings should be completely open, so that the press could attend and hear and see for themselves what was going on.

However, that was not acceptable to Mr. Whelan. At the very least, I felt that the producer representatives had to be part of the process. They will be there at Prince Edward Island in July when the report is presented to him.

Mr. Riddell: The fact remains that, presently, the provinces have no agreement on a stabilization program. The minister must introduce provincial programs to help our farmers. In fact, the minister has introduced no new programs to deal with the financial problems facing farmers since he became the Minister of Agriculture and Food.

I say that, knowing full well that you were not the one who first introduced the Ontario farm adjustment assistance program. I believe that program was first introduced by your predecessor.

Ontario is the only province in Canada that does not offer a long-term credit program for its farmers, who must rely almost entirely on credit provided by the federal government and private lending institutions.

While Quebec provides about 57 per cent of the loans and loan guarantees to its farmers, Manitoba about 21 per cent and Alberta 45 per cent, Ontario provides only about nine per cent, with the other 91 per cent coming from the federal government.

In order for our farmers to remain competitive with farmers in other provinces, we require some of the assistance programs offered to the farmers by the other provincial governments.

I distinctly remember you talking about your dissatisfaction with the present operation of the national marketing agencies. You did not feel that we were getting our fair allocation of quota. I am inclined to agree with you, and this is removing the competitiveness as far as our farmers in Ontario are concerned.

However, I am trying also to tell you that, with your lack of commitment to the agricultural industry in this province, compared to the commitment made by the other provincial governments, our farmers are also put in a very uncompetitive situation.

Let me just run down some of the programs. In British Columbia, they had the Agricultural Land Development Act, the Agricultural Credit Act, guaranteed loans, and partial interest reimbursement. They had the asparagus production incentive program, they had grapevine assistance, and they had rain damage crop assistance.

In Alberta, they had the direct farm loans, the beginning farmer program, the disaster assistance program, the specific guaranteed loans, the Alberta farm development loans, the vegetable and potato storage program, the range and soil improvement program, the sheep producers incentive program, the Alberta heritage fund small business and farm interest shielding pro-

gram, and the Alberta heritage fund mortgage interest reduction program.

In Saskatchewan, they have the FarmStart Corp. loan and grant program, FarmStart guaranteed livestock loans, FarmStart corporate co-operative partnership loans, land bank submission, Sedco—the Saskatchewan Economic Development Corp.—and the Saskatchewan Housing Corp. farm housing program.

In Manitoba, they have the Manitoba Agricultural Credit Corp. direct loans, long term; young farmer interest rebate; direct loans, intermediate term; direct loans corporate, co-operative and partnership; farm production guaranteed loans; specific comprehensive guaranteed loans; co-operative, corporate and partnership guaranteed loans; the stocker program, and the interest rate relief program.

In Ontario, we have the Ontario young farmers loan program, we have the installation of agricultural tile drainage, and we have the farm adjustment program.

Hon. Mr. Timbrell: Go on.

Mr. Riddell: Quebec: The Act to Promote Long-term Farm Credit by Private Institutions—

Hon. Mr. Timbrell: You have not listed everything in Ontario.

Mr. Riddell: —the Farm Credit Act, administered by the farm credit bureau; the Farm Loan Act; the Act to Promote the Establishment of Young Farmers; the Quebec Farm Improvement Loan Act, the act to promote farm production credit, the Act to Promote Special Credit for Farmers During Critical Periods; loans to full-time farmers; loans to part-time farmers; loans to commercial farms and agricultural linkage operations; interest rate programs; leasing of provincial land—

4:20 p.m.

Mr. McKessock: This announces the significant programs.

Mr. Riddell: They are all here.

Prince Edward Island: PEI Lending Authority, short-term loans, intermediate-term loans, long-term loans; PEI Land Development Corp.

Nova Scotia: Agriculture and Rural Credit Act, loans to commercial farmers, loans to part-time farmers, farm land purchase and leasing program, interest subsidy program, interest forgiveness program—and on and on and on.

There is the commitment that the other provinces have to the agriculture industry. We have three major programs for the farmers in this province.

Hon. Mr. Timbrell: What you are saying is I should take the existing programs and divide them up into about 12. As long as I can list 12 separate ones, no matter what—

Mr. Riddell: No, these are all different programs.

Hon. Mr. Timbrell: I know, that's what I am saying.

Mr. Riddell: Sure, they are all different.

Hon. Mr. Timbrell: So they have a longer list. Just take it and divide it up.

Mr. Riddell: I think I have made my point. There is no real, serious commitment to the agricultural industry in this province. We are only kidding ourselves if we think we can even be halfway compared to other provinces from the standpoint of the way they support their farmers and the agricultural industry. Their budgets amount to more than one per cent of the total provincial budget. I think that is terrible.

Mr. McKessock: Yet agriculture is more important in Ontario than probably any of them.

Mr. Riddell: Absolutely. It is still the bread basket of Canada. I do not care what anyone says.

Mr. Hennessy: You are right, Jack.

Mr. Riddell: Good, Mickey.

Mr. Hennessy: Keep it up, keep it up.

Mr. Riddell: You just stay right behind me there. All right, we are very concerned about the number of farmers—

Interjections.

Mr. Riddell: We are very concerned that as the number of farmers decrease, it will have a corresponding negative effect on the survival of small towns, villages and hamlets. Most of these depend on the surrounding farm community for their survival and, at the same time, the farm community is very dependent on the rural centre for most of its essential services.

This government lacks a clear vision of the issues and the potential for agriculture. The only time you hear of any dedication to the agricultural industry is during an election. Most of the other time is spent blaming the federal government.

Did we not hear of promises to drain and develop one million acres of land in northern and eastern Ontario or to move the stockyards out of downtown Toronto? These promises were never kept. Each election is filled with promises to simply cover over another crop of

failures. This government follows rather than leads.

Mr. McKessock: The grass grows greener at election time.

Mr. Riddell: The Ontario Federation of Agriculture and other agricultural organizations provide the ideas and then they have trouble convincing the government to act. If nothing is done to break the pattern that has developed over the years of your government's neglect of this vital Ontario industry, then agriculture will surely stagnate and decline in Ontario.

There are a number of other concerns which we spoke of in last year's estimates that remain unsolved. We will leave them for discussion during the appropriate votes. I am sorry that I am not going to be able to be here next Wednesday to participate in some of the votes. I am a member of the task force which our leader established to travel across the province and to listen to the municipalities who are suffering because of the reduced transfer of payments from this province and to listen to the small businessmen whom this government has ignored year after year.

We have more presentations to come before our task force, mainly by business people who just cannot believe this government's commitment towards their cause.

I simply have to go. We are meeting in Goderich next Wednesday and I must be there. I am sorry that I can't be here for that day's estimates, but it is in excellent hands with my good colleague, Jim McGuigan. Bob cannot be here. He is on the task force too. I am not sure about Gordie Miller.

Mr. Chairman: Mickey will help you.

Mr. Riddell: We will have some good people here. Yes, we will have Mickey here.

Mr. Hennessy: Let us cancel the meeting. We will all go with you.

Mr. Riddell: There will be lots of talent here, Mickey.

Interjections.

Mr. Riddell: There are a number of concerns which we are going to leave for discussion during the appropriate votes. Some of these are the continuing loss of our prime agricultural land, the increase in food industry trade practices which continue to result in economic concentration to the detriment of farmers and consumers, and the continuing loss of our land resource to nonresident owners.

Believe me, we have to get into this discount

and allowances in the food business again. I do not know whether you saw a breakdown of what is going on, but all the supermarkets have joined forces to form these buying groups. Volume 1 Inc. buying group takes in Dominion and Steinberg. Foodwise of Canada (1977) Ltd. takes in Loblaw's and Provigo and United Wholesale Grocers. We are going to have to take some action on what is going on here in the food industry as far as discounts and allowances are concerned. Here again, we will get into that during the votes.

I appreciate the time that has been given me to make a few comments on the minister's estimates, and I would dearly like to hear my good friend from Welland-Thorold (Mr. Swart), but I will read what you have to say in Hansard, sir, when I come back. I know you are going to

have some very important matters to discuss with the minister as well.

Mr. Swart: We will miss you, Jack, but I will try to put a few lobs into the spinning wheels of the ministry.

Mr. Chairman: Mr. Swart maybe will be prepared to lead off next Wednesday morning. We will start at two minutes to 10 a.m. to make up for two minutes today.

Mr. Swart: Do you want to bet on it?

Mr. Chairman: I will be here.

Mr. McKessock: What is the schedule for the committee? Is it five hours a week for the next four weeks?

Mr. Chairman: Yes, five hours a week for the next four weeks. We are trying for 10 a.m. to 12:30 p.m. and 2 p.m. to 4:30 p.m.

The committee adjourned at 4:27 p.m.

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From the Ministry of Agriculture and Food:

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No. G-3

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Agriculture and Food

Third Session, 32nd Parliament

Wednesday, June 8, 1983

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, June 8, 1983

The committee met at 10:06 a.m. in committee room 1.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

Mr. Chairman: Recognizing a quorum, I call the meeting to order.

Last week we heard from the minister, we had the presentations from the reorganization of the ministry and we heard from Mr. Riddell. This morning we anticipate that Mr. Swart may have a few comments and recommendations for the minister to help him over the next year.

Mr. J. M. Johnson: Are you just surmising that?

Mr. Swart: Thank you, Mr. Chairman. Your comment that I may I have some recommendations for the minister leads exactly into some preliminary comments I want to make.

I have to say that I was rather impressed and pleased with the overview of the ministry given by the minister and his staff, the nicely prepared speech and the other documents which we have. It makes me very conscious of the need that we critics have for some more research staff. We desperately need that one additional person who has been recommended since the Camp commission.

I say that not in a personal way. However, if we are going to do our jobs as opposition members, which is really to make input, to criticize when criticism is needed and to know what exactly has taken place, then we need that other person. Having said that, I realize that it is not within the jurisdiction of the Minister of Agriculture and Food (Mr. Timbrell) to provide that. However, that need becomes ever greater as our operations in this Legislature become more and more complex and consume more and more of the members' time.

I cannot fundamentally disagree with much of the overview the minister and his staff provided. Even someone with a limited knowledge of agriculture knows that there are forces and authorities over which the farmers and the provincial ministry have little control. Perhaps these are the major factors which determine

farm prices and the general welfare of the agricultural community. What I am saying, in effect, is that even with the best of operations at the provincial level, the Ontario government cannot resolve many of the major problems which face the farm community.

At the outset, I also want to admit that in the area of education and research—perhaps with the exception of the Ontario Veterinary College, which I will make a few remarks about later—the Ontario government cannot be seriously faulted. However, as you would expect, I am going to say there are areas where the province and the Ministry of Agriculture and Food have real responsibility and impact and where the performance has simply been unsatisfactory.

I want to say, and I am sure the minister must know this, that there is a real feeling of unhappiness with the ministry and the minister himself growing out there in the agricultural community among the farmers. This is in sharp contrast to what I found a year ago when I first accepted this portfolio as agricultural critic.

At that time, I got the impression from the agricultural community that the minister was liked. They said there was quite a contrast to the two previous Ministers of Agriculture and Food. They thought the minister was learning fast and they rather liked his style.

10:10 a.m.

I say to the minister that this image is tarnishing. Numerous farmers, as well as farm organizations, are critical of him and his ministry. Some are going so far as to say that the Minister of Agriculture and Food has to go. This is due largely to the minister's unwillingness or inability to do anything really substantial to assist the farmers with their financial problems.

The bottom line of what they are saying is, "Either the minister does not know the serious situation and is indifferent to it or he does not have the clout in cabinet to resolve these problems and to do the kinds of things that the agricultural community is demanding." This became fairly obvious at the time the budget was brought down, with the criticism which was levied against him and particularly against Mr. Miller.

I will not quote from anything, although I have the same articles as the member for Huron-Middlesex (Mr. Riddell) had, those from Farm and Country and other publications. However, there was certainly real dissatisfaction in the farm community with the budget. The only thing that was applauded was the beginning of the farmers' interest assistance loan program, and we have not even had the final announcement on that yet. However, in every other area, there was real criticism.

The Toronto Star carried an article by Mr. Ralph Barrie, the president of the Ontario Federation of Agriculture, in which he said that he criticised Miller for failing to address the credit needs of Ontario's 40,000 to 50,000 established commercial farmers. To quote him: "This program doesn't do a bloody thing for those people." And it doesn't. They are becoming very disillusioned.

I say to the minister and to the Progressive Conservative Party, "Don't take the farmers for granted any more." There is real ferment among those farmers. The conditions which exist now are causing them to reassess their traditional loyalties to the Conservative Party.

I think the minister must admit that the farmers' immediate future is not particularly bright. Net farm income across this nation dropped by 14 per cent last year and costs went up by something like six per cent.

At the meat, livestock and grain marketing outlook seminar sponsored by the ministry on April 25, the headlines were: "Farm Bankruptcy Problem Will Grow". One of the speakers there, whom you brought up from the United States, said: "To be brutally realistic, the cold-hearted truth of the matter is that many farm families are going to have to liquidate." That was a comment from Mr. Bill Helming, president of a Kansas farm advisory company.

I realize that, in making those comments, he was dealing in a very broad spectrum—not just with financial problems that exist at the present time, but the 176 bankruptcies which took place in Ontario last year. That means that probably, and I think you would not disagree, somewhere between 1,500 and 2,000 farmers went into liquidation.

If we accept the estimate of the Ontario Federation of Agriculture, bankruptcy represents only one farmer in 10 who is forced out of business for financial reasons. To show the situation in Ontario, the number of bankruptcies last year represented 43 per cent of the total in Canada, even though we have only 25 per

cent of the census of farms. So far this year something like 41 per cent of the bankruptcies in Canada are taking place in Ontario, and there has to be some reason for that.

Although we have apparently no statistics, we have endeavoured to get them and would be glad if the minister could provide them if he had them. I have been unable to get statistics on the sort of profile of the farmers who have gone under and those who are in serious trouble, but if the Ontario farm adjustment assistance program is any indication, it shows certainly that it is the young farmers and probably the larger farmers in the province.

The OFAAP report shows that of those receiving assistance, certainly the ones who are in an emergency, 80 per cent were under 45 years of age and 45 per cent of those receiving that assistance were 35 years of age or under. That indicates a very real problem for the future. It cannot be denied it is serious and it cannot be denied that the ministry is not meeting the need.

One real concern I have is that the minister and his ministry simply do not know what is taking place with the number of exits from farming due to financial reasons. They do not know how many farmers are not planting this spring because of financial reasons. What bothers me is that they do not seem to want to know.

With the evidence we had last year of the worsening financial situation over many years—there is no question but that 10 or 15 per cent of Ontario farmers are in financial troubles—it seems to me that you would have established a monitoring program and would have endeavoured early this spring to have found out the number of farmers who were going to be in financial trouble, having difficulty in getting money to plant, and would have considered some program to have met that, but you did not do that.

I guess you assumed that anyone in trouble was going to come to someplace, maybe to the agricultural representative. That is simply not the case. A lot of people in financial trouble, whether they be farmers or whether they be residential home owners, just do not like it to be known and they do not wear it on their sleeve.

We know it is a serious situation, but it may be even much worse than we think it is. It seems to me that the minister should have, as I say, set up a monitoring program to endeavour to find out what the situation really is, to have a profile of those farmers who are in trouble, so he could

have the kind of a program necessary to meet those needs. He did not do that.

In my opening remarks I really want to deal with just two major issues. One is, I think, short term, although it could have long-term implications; that is the serious financial situation of the farmers at the present time, the fact that it is worse in Ontario than in most other places in Canada. Second is the long-term problem in the loss of agricultural land. Maybe I will want to mention one or two other items like the veterinary college, but I am going to deal primarily with these two matters.

10:20 a.m.

I want to deal with five areas of financial problems the farmers have and the inadequacy of the ministry in dealing with these problems. The first one of these is the matter of no long-term or intermediate-term credit to the farmers such as exists in all other provinces in this nation.

The minister has stated over and over again that this is really a federal responsibility. There has been some acceptance of this, certainly amongst the provincial ministers, and even, I guess, with the federal Minister of Agriculture. But the fact remains that all other provinces in Canada do provide some medium and long-term loan assistance and most of that is provided on favourable credit terms, while the farmers of Ontario do not have the advantage of that. Much of this is substantial.

In Nova Scotia, for instance, the average farmer has provincial loans amounting to \$40,000; in Quebec it is about \$30,000. Even provinces like Newfoundland provide substantial medium- and long-term assistance to the farmers. We do not do that in Ontario and, in the absence of a federal policy, it is something that we should be doing in this province. In that respect, the farmers are at a real disadvantage compared to farmers in other provinces.

Hon. Mr. Timbrell: Could I just ask you to be explicit about what kinds of things you think such assistance programs should cover?

Mr. Swart: I will be coming to some of that, but I would like to go through what I have to say and then you can reply. I know you are going to reply in detail.

Hon. Mr. Timbrell: Are you not going to be here this afternoon?

Mr. Swart: No, I am not going to be here this afternoon, sorry.

The second point I want to make is in regard to income stabilization. I think no one disagrees

that the goal should be the tripartite income stabilization that has been proposed by farm organizations, by this minister and that has been agreed to—and, I guess, proposed too—by the agriculture ministers in other provinces.

Again, there has been no action on this on the part of the federal government for years and years and years. It appears that they are not even going to proceed with any substantial red meat income stabilization program.

My question to you is, how long are we going to go on without any improvement in our own income stabilization plan with the federal government stonewalling on its part of it? I know it is going to be costly, but the alternative to it is what we are seeing taking place now, where the selling price of much of the farm produce is below the actual cost of production and in some areas substantially below the actual cost of production. If we are not going to get the federal government to accept its legitimate responsibility, while I would very much like to see the tripartite agreement, we have to look at some other alternative.

We cannot afford to let the farmers go under. We cannot afford to let our producers be in a position where they are getting a price for their produce which is substantially below their cost of production. It just cannot go on.

I am sure you must agree. Therefore, I suggest to you that if we do not get any commitments out of the federal government by this summer, and if we are getting the same kind of stonewalling, we had better look at another type of income stabilization program, perhaps between the farmers and the province. Certainly, the present situation is totally inadequate.

Thirdly, the Ontario farm adjustment assistance program, particularly now, is also totally inadequate to meet the need. It never has been adequate. I think I am right in saying that your predecessor, when he announced the program, said that he expected 5,000 farmers would be taking advantage of the program. I do not think we are quite up to 4,000 farmers who have taken advantage of the program. If that is the case, and if the situation has worsened from the time the announcement was made, which was a year ago last fall, then surely that program should be adjusted to meet the need.

Last year you put in a figure in the budget—if I am right in saying so—of something like \$39.5 million for OFAAP. You actually paid out only \$18.1 million. This year you have put a figure of \$30.5 million into the budget. I am not sure what that figure is based on and I hope you will give us

some explanation of it, because I suggest that it is a totally unrealistic figure, perhaps even more unrealistic than your figure was last year.

Up to this time, in April and May, you had paid out only some \$50,000 in part B of that program. Granted, the part that is being used at the present time is part C, which is a guarantee to the loans. Where do you get the estimate of \$30.5 million that you are going to lose?

You have the rate of recovery on this from the farms; you will undoubtedly use it. Are you telling us that you expect a loss of \$30 million on those loan guarantees? I am not suggesting that the money should not go there, if that is what you are expecting, but I suggest to you that this is a terribly inflated figure.

All in all, OFAAP should be broadened dramatically to assist more farmers, particularly those at the lower end. I do not accept for a minute your arguments about viability, and the member for Kent-Elgin (Mr. McGuigan) made this clear in the House. A farm that is nonviable this year may have been viable last year and may be viable the following year, depending on the price of the commodities. Even though their liabilities may be greater than their assets, it does not mean that they cannot get back into operation in another year.

In addition to the financial dimension of this—and this may be something with which you are not totally familiar, although I may be underestimating you—there is the emotional attachment of many of these farmers to their farms. This is something that ought not to be overlooked in the assistance program.

I was raised on a farm and I know. I came through those Depression years. Apart from the financial devastation, I know the heartbreak and the emotional trauma that took place when farmers lost their farms, partly, I guess, because in 1934 my father was one of them.

10:30 a.m.

You simply have to broaden the Ontario farm adjustment assistance program, first, to provide more interest subsidy under part B of that program, reducing that interest rate to eight or 10 per cent where the assistance kicks in; and, second, to provide the guarantees or the assistance to more farmers who are on the verge of going into bankruptcy or liquidation.

Again, the arguments were made by myself and the member for Elgin-Kent or Kent-Elgin, is it?

Mr. McGuigan: It depends where I am.

Mr. Swart: The arguments were made by that member that eight per cent today may be more difficult for many farmers to reach in the interest payments than 12 per cent was a year ago.

This year's budget has cut the assistance to farmers. Yes, it has cut it in real dollars, in any event. There is no question about that. I am a little confused, and perhaps you can straighten up a little of this confusion immediately, or when you reply.

The budget statement by the Treasurer (Mr. F. S. Miller) says that in 1981-82 there was \$305 million provided to the Ministry of Agriculture and Food. In 1982-83 it was \$330 million, and this year it was \$295 million. When I look at the documentation you have provided for us, the figure for 1983-84 was the same, but the 1982-83 figure is \$284 million.

Hon. Mr. Timbrell: That was the base budget.

Mr. Swart: Perhaps you can explain that a bit more fully to us.

Hon. Mr. Timbrell: I can tell you that \$283.9 million, as I recall, was the base budget with which we began the 1982-83 fiscal year. The year-end actual, with all the additions and constraints, was \$330 million, particularly with the additions regarding crop insurance, primarily for tobacco.

Mr. Swart: Even if we take the figure of \$283.8 million in the information booklet which you have provided us with—

Hon. Mr. Timbrell: That is \$283.9 million.

Mr. Swart: —then \$283.8 million to \$294.7 million in real dollars is substantially less. I suggest that some of those figures are inflated, as I pointed out on OFAAP, for instance. You are, in fact, providing less this year in real dollars than you provided two years ago and last year, even if you include your share of those additional payments to the crop insurance.

You know that the Ontario Federation of Agriculture and other groups made a pitch for the broadening of OFAAP, for the provision of more assistance under it. That was their main thrust. The Ontario Federation of Agriculture asked that interest rates under the program, now at 12 per cent, be subsidized to eight per cent. Yet no action was taken by your ministry. The priority was not given to that area of tremendous need.

I would suggest that the figures that will be reported next year at this time on the amount actually paid out under that program will be far less than your estimates unless you change the

Ontario farm adjustment assistance program. My plea to you is to make that kind of a change in the program.

This year you have even cut the guarantee section of your program from last year, even though the need is greater. In fact, that section does more to help the banks than it does the farmers. I am not critical of it being part of the overall program, but what you have done is shifted everything to that section this year, to the C section, to the guarantees to the banks. I suggest that in any reasonable program that is primarily designed to help the farmer you should be looking more at the B part of it.

You are hoping to do two things. One is to help out the banks with this shifting to the C section and the other is to save your ministry a substantial amount of money. If you pay under the B part of the program—\$18 million last year in 12 months and \$50,000 this year in the first two months—unless the interest rates go up or unless you make a change, the total payout will not be \$1 million under the B section this year. I am sure you would agree with me. It is totally inadequate. You know it is inadequate, and if you are really concerned about assisting the farmers, the B part of OFAAP must be totally revised to assist more farmers.

It does not really matter how you cut it. The slices to the producer are thinner in this province than in any other province in Canada. Recognizing that your assistance is inadequate, you still have not really taken any action with the banks to make sure that they are going to provide the kind of credit that is needed by the farmer on terms which he can afford to get that money.

Sixteen months ago your deputy, Duncan Allan, recognized that the banks' policy was inadequate to meet the needs of the farmers. I quote from a London Free Press story of February 8, 1982: "Allan blamed the banks and the federal government for allowing the present financial squeeze to put an increasing number of farmers on the verge of bankruptcy, but said that a poor world economy is also a root cause.

"There is a gap that the banking institutions and the Farm Credit Corp. should never have allowed to develop," he said. "If the squeeze continues more than a year, the province will have to take a hard look at the banking situation, both provincially and federally and, if necessary, might be forced to get into special provincial banking programs to save the industry."

Besides providing for \$60 million and its

recently announced aid program—that \$60 million was for OFAAP, of which the government has spent in total now \$20 million—not much more than that—he goes on to say, according to the report: "The province is also ready to back bank loans for qualifying farmers to plant their 1982 crop to the tune of \$200 million, not only to give farmers confidence, but the banks as well. We are taking 100 per cent of the risk. If something goes wrong and you are in debt for \$100,000, we write the cheque for that \$100,000."

Those were great sounding words at that time, back in February 1982, but they have never materialized. The financial situation of the farmer is getting worse and worse.

10:40 a.m.

I have also a headline here which you may have seen in the Globe and Mail on April 15 of this year, "Ex-Banker Blames Banks for Farm Losses." I think that it is important to put this in the record, too, in putting the whole issue in the perspective of the credit situation to the farmers.

"A former London, Ontario banker says banks are closing Canadian farmers down on a hit-and-miss fashion and must accept the major share of blame for current farm financial woes. Mr. Phillips, who left the bank four years ago to set up his own financial consulting service, said that banks are primarily responsible for the farmers' money troubles because they urged producers to take out large loans in the 1960s and 1970s without properly analysing if farmers could repay the loans."

Something that impressed me about the attitude of the banks towards the farmers was another Globe and Mail article of April 27, 1983, which is headlined, "239 Farm Bankruptcies Forced by Banks in 1982." The article says: "Canadian banks budgeted \$47.5 million for losses on farm loans last year and foreclosed on 239 farmers across the country, according to a brief by the Canadian Bankers' Association." This was a brief to the federal government when Bill 653 was being considered, the bill which would provide a moratorium on foreclosures.

This report goes on to say, "But the banks, which individually refused to say how much they lose when a farmer is forced out of business, would not disclose how much they actually lost on agricultural lending last year when farm bankruptcies hit a record 410 across the country."

What we have to recognize from this article is that of the 410 bankruptcies which were forced on the farmers last year, 239 were forced by the banks, that is, 58 per cent of all bankrupt-

cies were forced by the banks. Bank mortgages only constitute somewhere between 40 and 45 per cent of the mortgages in this nation. Yet they forced 58 per cent of the foreclosures. In other words, the banks are being much tougher in foreclosing than other financial institutions, the Farm Credit Corp. or the credit unit or private lenders. The banks are being tougher; yet, bank profits are increasing dramatically. The banks are going to have the highest profits this year that they have ever had in their history. Yet they are taking this tough attitude towards foreclosures.

I have the newspaper reports here, the first of March 10, which indicates that bank profits in Canada for the first quarter were up 41 per cent to a record \$484 million. A very recent newspaper article reports that the second quarter is going to be the same way. I have a newspaper report here of June 1 that says, "Widening interest rate spreads helped both the Bank of Nova Scotia and the Mercantile Bank to substantially larger profits in the second quarter over the same period of 1982, the two banks reported Tuesday."

The Bank of Nova Scotia, the country's fourth largest bank, made a profit of \$83.975 million compared with \$66.476 million in the same period the year previously. I read a newspaper report just five days ago which states that the Canadian Imperial Bank of Commerce, the country's second largest chartered bank, has reported a second quarter profit of \$70.875 million, up 35 per cent from the same period a year earlier.

In every instance, bank profits are escalating this year. They are totally isolated from the general economic situation and have been, as a matter of fact. Yet no action by you is being taken, no tough action to demand that those banks be more lenient in their loan policies to farmers in trouble.

You say you met with them, but the indications are that they are being tough. They are looking primarily after their profits. In two or three of your reports and in the House, you say that you met with them and that farm credit is available this year in the same volume as it has been in previous years.

Whether or not it is available in the same volume is not the real issue. The real issue is the terms, and the terms ought to be substantially more lenient this year than they have been in the past, but they are not. Yet the banks can go on having these tremendous profits.

Why should the banks not be required to do

something about this? You have the clout. You don't even need to do this, threatening to pass moratorium legislation such as we had in the 1930s. I do not want to get into the arguments or the pros and cons of that, although I support moratorium legislation for a limited period of time. I am conscious of the ramifications of it. However, you have the clout to force those banks to provide more lenient terms to those farmers.

I realize that at any time, there are farmers who are not going to make it. Look at the numbers now. Ten to 15 per cent of the farmers of this province are in difficult financial situations. That is a higher percentage than in any other province in Canada, partly because of the inadequacy of your policies, perhaps wholly because of the inadequacy of your policies. You should be demanding that the banks carry their fair share of the load, and they are simply not doing it.

I want to say, with regard to concluding this section of my comments, that it is not good economics, apart from anything else, apart from the emotional trauma that is created when you let this additional percentage of farmers go out of business.

Again, if I can quote the member for Kent-Elgin (Mr. McGuigan), he said to me one day, "There are always about two per cent of the farmers who are in financial troubles." You can correct me if I am wrong. I would accept that, but if there are 10 to 15 per cent, that is reason for intervention on a rather massive scale. You are simply not giving them financial assistance, nor requiring the banks to provide the financial priority the situation deserves.

I now want to move on, if I can, to the second major area of the comments I want to make.

Mr. McGuigan: Actually, it is not two per cent of the farmers who are in the bankruptcy range. However, in all types of business, you can look at about two per cent of the people as being in difficulty.

Mr. Swart: I think I said that. Didn't I say that?

Hon. Mr. Timbrell: Last year the rate of bankruptcy translates to less than three tenths of one percent of farms doing more than \$5,000 business. That is considerably less than one to two per cent.

Mr. Swart: I wish to point out—and I am sure you are aware of this—that at the end of the fiscal year in Ontario, March 31, 12.5 per cent of the farmers in Ontario were \$500 or more in

arrears in their payments on Farm Credit Corp. loans. That gives an indication of the percentage of farmers who are having problems.

I doubt if we have much disagreement on that. I think you would perhaps recognize that there are somewhere between 10 and 15 per cent with some kind of financial problems and probably five per cent who are in really deep difficulties.

Hon. Mr. Timbrell: It depends on whose figures you use. There are many estimates offered by various organizations, from the Canadian Bankers' Association all the way to certain agricultural organizations. I do not think you are suggesting, and I hope you are not suggesting, that somewhere in the area of 10 or 15 per cent are on the verge of liquidation, because that certainly—

Mr. Swart: I didn't say that.

Hon. Mr. Timbrell: That is what I am trying to find out.

10:50 a.m.

Mr. Swart: I said that there are in the neighbourhood of 10 to 15 per cent who have some kind of financial difficulty. That is borne out by the fact that they are not able to make their payments to the Farm Credit Corp. There are probably five per cent who are in very serious financial difficulty.

I want to come back to a matter that I dealt with last year, and that is the preservation of our prime agricultural land. This is more a long-term than a short-term problem, but I suggest that it is a very serious problem.

There are really at least three dimensions to it. First, there is nonresident ownership, which can create some very serious agricultural problems for the future. We lose control over our own land. Second, there is urban sprawl. Third, there is the policy of aggregate extraction. All of these can put our food land production in jeopardy in the future, whether that is five, 10, 15 or 20 years down the road.

I am conscious that the minister has stated in the objectives of the Ministry of Agriculture and Food that the first objective is to preserve the agricultural land base and improve its productive potential. I am also conscious of the fact that the minister, speaking at the Canadian National Exhibition last year, stated that Canada has a moral responsibility to feed the world. With the shortage of food that is going to exist in the world, we have a major responsibility towards people in the other nations because of our large land base.

I want to say to the minister, without danger of being refuted, that there has been a tremendous move backwards in the preservation of our prime agricultural land. I want to say that in all the statements made about preservation, there is not the slightest degree of sincerity. It is all rhetoric, smoke and mirrors.

A number of years ago—only five, six, seven, eight, nine years ago—I am convinced that there was some real desire to preserve our prime agricultural land, primarily perhaps because of public pressure on this government. However, there seemed to be at least some determined effort proposed at that time. In fact, they were going to have a land use plan for Ontario.

The Minister of Natural Resources (Mr. Pope) said they were going to develop maps and land use plans for this province which would preserve our prime agricultural land. That was watered down to agricultural Foodland Guidelines. Even there I think there was some intent.

I want to quote section 4(a)(1) of Foodland Guidelines, which were produced, I believe, in 1978. It states: "Agricultural lands must be clearly identified and shown in the official plan and on the land use map. The highest priority agricultural land must be placed in an agricultural designation. In determining this designation, the objective is to create areas of predominantly high priority agricultural lands which are as large as is practical and are uninterrupted by non-agriculture designations."

And we could go on: "The lands are to be available for agricultural use on a long-term basis. The policy should state clearly the major objective of a designation. The types of activity or land use permitted should only include agriculture, land use as compatible with agriculture, activities directly related to agriculture, and those necessary and in close proximity to farm operations."

That was the only document that had been brought forth at that time with regard to land use. Some of us thought that it was a thoroughly positive statement and that it might mean something with regard to food land preservation. We have come to realize that it means nothing at all.

I want to deal with the Niagara Peninsula. I could go back, too, to the statement made the then Minister of Housing, the Honourable John Rhodes, when the tremendous controversy was taking place in Niagara with regard to the preservation of our unique agricultural lands there, the only land in Ontario—in fact, the only land in Canada—which can economically pro-

duce peaches and tender fruits and, for that matter, grapes and many other fruits.

The controversy between the Preservation of Agricultural Lands Society and the municipalities in that area that were producing their official plans centred on 7,000 acres of farm land that was in dispute within those proposed urban boundaries as set by the region at that time.

Finally, the Minister of Housing, Mr. Rhodes, got into the act and on February 17, 1977, made a statement to the Legislature. Six cabinet ministers had flown over the Niagara Peninsula and, in a tremendous gesture, came back to Toronto and made a statement that they were not going to permit those 7,000 acres to be used for urban development. I have that statement here.

Mr. Rhodes said: "Proposed urban development of 7,000 acres of farm land in the regional municipality of Niagara has been reduced by 3,000 acres by the government of Ontario. Notwithstanding our commitment to local government, there are certain land use issues which are considered matters of concern to all of Ontario. On such issues it has become necessary for the provincial government to take a leadership role."

It went on for three or four pages—how the Ontario government was cutting back those lands, taking them out of the urban bounds, would not permit them to be used for urban development. We thought that was a great statement—great for those of us who are concerned with our unique land preservation, those of us who live in Niagara. The 85 or 90 per cent of people who, as polls showed, wanted that land preserved had won a great victory.

Then the whole issue was referred to the Ontario Municipal Board for hearing. The Ontario government did not attend those hearings. After making the statement they were going to preserve those 3,000 acres, the Ontario government did not go there to defend their statement, to defend the decision they had made.

However, the Ontario Municipal Board permitted some of that land which the Ontario government said was to be preserved—Mr. Rhodes's statement—to be included, but not much. They took out some other land. Once again, we thought there was rather a remarkable victory for land preservation in the Niagara Peninsula.

In fact, the Ontario Municipal Board approved a statement which said: "The boundaries of urban areas which abut tender fruit and grape

land shall be regarded as permanent, and the boundaries of urban areas which abut good general agricultural lands, as defined in this plan, should not be changed except for essential purposes." That decision was made back in February 1981 and was upheld by the cabinet.

Has the minister kept apace with what has been taking place in the Niagara Peninsula since 1981? Has he read the article in the *St. Catharines Standard* dated May 16 of this year? The headline is: "Regardless of 'Strict' Policies, Region Still Allowing Severances." Let me read into the record some of this article because it states clearly exactly what has been taking place.

This article is by Steve McNeill, who attended, incidentally, those hearings on the urban boundaries in Niagara, which cost somewhere about \$2.5 million and took three years.

11 a.m.

"At one point in the lengthy Ontario Municipal Board hearing three years ago into Niagara region's urban boundaries, the hearing officers asked how long the policies being debated would remain in force.

"Until they're changed," replied regional planner Alan Veale.

"Pardon?"

"The best professional opinion I can offer is until they're changed."

"There were snickers through the gallery of lawyers, preservationists and individuals who had a keen interest in the boundaries and policies being set.

"The two hearing officers sat silent for a moment, dumfounded by the reply.

"The hearing that would establish the region's policy plan—a plan to control urban growth and protect the farm lands—was approaching two years, one of the longest in Ontario.

"It was an exhaustive hearing, involving hundreds of witnesses and briefs.

"Municipalities, land owners and interest groups spent millions of dollars on their defences."

However, as he said, how long will they last? Until they are changed.

"One month after the plan received OMB approval in February 1981, the first exception to the plan came, a severance in an agricultural area in Fort Erie.

"Kenneth and Patricia Pridham were allowed to sever 10 acres from a 48-acre lot in a good agricultural area . . .

"Not only did the region's own planning staff express concern, but the Niagara South Federa-

tion of Agriculture and the Ministry of Agriculture and Food also objected.

"Yet the region's land division committee granted the severance, and regional council and Port Erie's town council had no objection.

"Since then there have been close to 30 severances granted which planning staff felt contravened the official plan.

"They laughed when Bob Hoover (chairman of PALS) said we will be fighting the boundaries issue forever, but it appears as if he was right," Mr. Elliott—"lawyer for PALS—"said, pointing to a stack of violations PALS has identified.

"PALS has tried to be a watchdog, but little funding limits its activities."

This is now where the plan is at.

"Niagara Falls Councillor Bill Smeaton, chairman of the planning committee, has called for a review of the plan. He misinterpreted it earlier when defending the Stranges severance"—the mayor of Welland who received a severance, contrary to the plan—"but even after reviewing it he did not change his opinion about the severance. Instead, he concluded it was time to review, and perhaps amend, the plan.

"It appears that we have a policy plan that disagrees with much of the thinking of this council."

"Best exemplifying the pro-development bloc on council is St. Catharines Councillor Bob Bell, a veteran councillor, planning committee member and chairman of that committee for eight years until this year."

He says: "I don't think one or two severances here and there are going to interrupt the balance of the agricultural community. You have to consider personal property rights. We cannot simply say the state is against you; the person must have his day in court and have someone go to bat for him."

The article concludes: "But the lofty, guardian-angel ideals of the plan may not survive an onslaught of opinion as it exists on council today. There aren't enough councillors willing to buck the decisions of council.

"Even Councillor Dickson, a staunch backer of the no-severance policy, said he was willing to do it for only so long.

"His is a typical attitude when he admits that there is 'no sense my keeping a consistent stand on the policy plan if I'm going to be constantly overruled.'"

That is the situation as it pertains now to the Niagara region, where the Ontario Municipal Board said that the urban boundaries and the policy plan should be considered to be perma-

nent with regard to the agricultural land. I want to say that this government gets first prize for hypocrisy when it talks about preserving our agricultural land.

Another case documents the quality of Ontario leadership in this regard. That is the breaking of the urban boundaries last fall, not much more than a year after the cabinet had approved those urban boundaries, to include 65 acres of land, most of it owned by a Mr. Fred Goring, who has over the years been an active Conservative. This was land to be included in an industrial park in Niagara-on-the-Lake, an industrial park which already has more than 400 acres in it, of which not more than 100 are used.

There was no request by any developer, except Mr. Goring, for the inclusion of this land or the use of this land. Yet when he made application to Niagara-on-the-Lake, although this land had been refused previously, and when he made application to the region they approved it. When application was made to the Minister of Municipal Affairs and Housing (Mr. Bennett), he included it in the urban boundaries without even an Ontario Municipal Board hearing, 65 acres of land.

The Preservation of Agricultural Lands Society, which had fought to preserve the unique agricultural land and was commended by the Ontario Municipal Board for looking after the public interest, asked that this be referred to the Ontario Municipal Board. Mr. Bennett said their request was frivolous.

The Preservation of Agricultural Lands Society had obtained a report from an outstanding soil research scientist on this land, Mr. J. E. Gillespie BSA. He had extensive experience in soil surveys of several counties in Ontario. He is quoted as an expert in this Ontario Municipal Board decision. He was under contract with Agriculture Canada to prepare soil reports on soils of northern Ontario and he was formerly with the University of Guelph. This was his report on this land:

"This area is mapped as Haldimand clay loam on the soil map for Lincoln county and rated as class 2W land for agriculture. At a more detailed level of mapping, 20 to 30 per cent could be delineated as moderately poorly drained. These areas can be detected on the aerial photographs as small dark patches. The profile description 192 has characteristics resembling a moderately poorly drained soil.

"The soil profile has developed in lacustrine materials overlying clay textured till and has a class 2 capability for agriculture"—the second

highest. "The Iroquois Beach lies directly to the north, providing excellent air drainage, and the drainage channel to the west offers a good outlet for surface or tile drainage. These soils are suitable for the production of grapes, pears, plums, cherries or general farm crops.

"The area is surrounded by class 1 soils, as represented by profile description 193."

Yet the Minister of Municipal Affairs and Housing, representing the government of Ontario, said PALS' application was frivolous, and an argument such as this, which could have been put forward by the society at an Ontario Municipal Board hearing, was denied.

What kind of sincerity is that with regard to the preservation of our prime agricultural lands?

Incidentally, Minister—and I know it was not you who approved this but your government—it is the first time in the history of Ontario that that kind of a decision has been made and been classed as frivolous. All other frivolous decisions before were of a very minor nature. When I accused the Minister of Municipal Affairs and Housing of this, he did not deny that it was the first time in Ontario that this has happened.

If this can happen in the Niagara Peninsula, in the unique land in the Niagara Peninsula, what hope is there of preserving prime agricultural land any place else if we are going to allow these sorts of things to occur down in Niagara?

This now has gone to the Ombudsman. The Preservation of Agricultural Lands Society has accused the minister, has contended that the minister has broken the act to permit the inclusion of this land within the urban development boundaries because in no way, by any reasonable examination, could PALS' request that it be referred to the Ontario Municipal Board be termed as frivolous.

11:10 a.m.

What do preservation policies mean? What do the guidelines mean? Even if they get in an official plan, and the municipality decides not to abide by any of its policies, what do they mean? Who polices it? What does it mean that this is supposed to be permanent? What does it mean when your ministry has guidelines and then permits, without even a hearing, this kind of land to be included, 65 acres of land which a top soil scientist says is exceptional land, climatically and in quality?

Another precedent-setting case almost took place in Niagara. Let me read also into the record what was reported in the St. Catharines Standard on April 18:

"A large area on the Lake Ontario shoreline

could become the first officially recognized St. Catharines residential area outside the urban boundaries approved by provincial officials.

"City council is considering a zoning bylaw amendment to the city's official plan to change the area from rural to a rural residential designation.

"A 72-acre site, north of Lakeshore Road between Fifteen Mile Creek and Firelane 400, is outside the city's western urban boundary.

"The urban boundary is supposed to mark the end of residential and industrial development for the city. St. Catharines, along with Niagara region and other area municipalities, fought a lengthy Ontario Municipal Board battle to establish 20-year urban boundaries for the Niagara area."

The only reason this is not within those urban boundaries is that the city council of St. Catharines, and they have some preservationists on it, turned it down, or it too would have been referred to the regional council and to the Minister of Municipal Affairs and Housing, who undoubtedly would have done the same thing, after setting the first precedent to have this included. This will be back and, ultimately it will be approved.

This has all been done, even when those who are interested in the industrial development of the Niagara region do not agree with it.

I have a report here, again from the St. Catharines Standard, headed "Niagara's Food Sector Seen as Leading Growth Area." That is dated December 31, 1982, and this was only about a week before the Minister of Municipal Affairs and Housing released his statement that he would not refer the 65-acres to which I have referred to the Ontario Municipal Board. Let me quote from it.

"Two leaders of the Niagara Region Economic Development Corp. say this area is almost out of the woods, although future growth will be slower than before." They are Herb Schmalz, president of the corporation, and general manager Stan Durrant.

"The food sector will be one of the leading growth industries, say the two officials, who agree with virtually every other local economic analyst. Niagara has some of Canada's finest farm land and, as rising energy costs push up prices of imported food, the region's food supplies will become increasingly important.

"There shouldn't be one acre taken away from agriculture today," Mr. Schmalz says. "Possibly we have gone too far taking farm land out of production when you look at the acres

and acres of industrial land available in the region. We have got the best of both worlds," referring to the best agricultural land and all kinds of land in an industrial area.

Yet six days later the Minister of Municipal Affairs and Housing had another 65 acres of unique agricultural land added to the urban boundaries, into an industrial area where two thirds of the now 500 acres there is not even being used at the present time but is sitting vacant.

If this was happening in only one place, perhaps it would not be quite so serious, but this is typical of what is taking place across the province. We are all aware that in May 1981 there was approval given for some 12,000 acres of class 1, 2 and 3 land in Mississauga to be used for urban development and that the government of Ontario did not defend the preservation of that land at those hearings.

Now we have a situation in Brampton where there is a further proposal—in fact, the plan has been passed—for another 7,150 acres of land to be included in the urban class 1 land and to be included within the urban development boundaries there.

The local regional councils have approved it, except for a previous staff report of the Brampton council stating that too much agricultural land is being taken out of production in this proposed plan. However, that was overruled, and the Ministry of Agriculture and Food has not even commented on this yet.

There have been a number of plans submitted to the Ministry of Municipal Affairs and Housing, but the latest plan has been there for over a year and the Ministry of Agriculture and Food has not commented on it. However, from the previous comments, they will not be opposing this land—7,150 acres of prime agricultural number 1 land—being put within the urban boundaries for development.

The minister talks about developing the agricultural potential of the north. Nobody disagrees with that. However, surely we must realise that down here in the south, because of the uniqueness of the land and because of the heat units that we have down here, this is the area where priority must be given to preserving our prime agricultural land.

With regard to the Brampton inclusion of these 7,150 acres, there was a very interesting article by Roy MacGregor in the Toronto Star of April 4, 1983. I want to quote part of that article. He says:

"And when Brampton bulges to almost 400,000,

the land will mysteriously shrink by 7,150 acres . . .

"Much of that land is among the most precious asset this country can claim, and it is found in a province whose own government has predicted by the turn of this same century fully 25 per cent more farm land will be required just to produce three out of every four meals Ontario citizens of that day will eat."

Then he goes on to point out the situation in Canada, of which you are well aware. Although we have such a great land mass, "only 0.5 per cent . . . can be said to be Canada's prime agriculture land", or class 1 land.

I know you are aware that 50 per cent of all that class 1 land is in this province. Already, 15, 20 to 25 per cent of that land has been taken out by urban expansion onto that prime agricultural land.

Hon. Mr. Timbrell: Sorry, what was that again?

Mr. Swart: I said 15 to 20 to 25 per cent of class 1 land has been taken out of production because of urban expansion over the years.

Hon. Mr. Timbrell: Where are you starting? From 1784 or—

Mr. Swart: I am starting in Ontario. I have made a very clear statement. Somewhere in the neighbourhood of 15 to 20 to 25 per cent of that class 1 land has gone out of production—

Hon. Mr. Timbrell: Over what period?

Mr. Swart: —and the majority of that has gone out of production while this Progressive Conservative government has been in power. The primary loss of that class 1 land was post-war.

The column goes on to quote Dr. Julian Dumanski of the Department of Agriculture's Land Resource Research Institute in Ottawa as saying, "The supply of land is finite."

MacGregor adds: "And priceless. Much of the good farm land that will be eaten up in Brampton will be turned into two-acre lots with 3,000- to 4,000-square-foot mini-mansions on them, and if you can pick one up for under \$200,000 you're in on a steal." That is the tradeoff your government is willing to make.

11:20 a.m.

Hon. Mr. Timbrell: Sorry, what is that again? Is the Brampton proposal for two-acre lots?

Mr. Swart: "Much of the good farm land that will be eaten up in Brampton will be turned into two-acre lots"—I am quoting Mr. Roy MacGregor—"with 3,000- to 4,000-square-foot

mini-mansions on them, and if you can pick up one for under \$200,000, you're in on a steal."

I will wait with expectation to see how much of that 7,150 acres, primarily class 1 land, you will preserve. I suggest that it will be little or nothing.

I just want to conclude this section of it by making a reiteration. There isn't a study that has been done in the world that does not show the likelihood of us not having enough food land to feed the world population adequately by the year 2000.

You have highlighted this yourself in your address to the Canadian National Exhibition. Yet within this province we are doing nothing to preserve that food land, to assure that we will have at least all possible land that now exists for the production of food for another 20 or 25 years.

I am not being overdramatic in saying that our children and our children's children are going to condemn us for what we have been doing over the last 30 or 40 years, regarding the nonpreservation of this, one of our most precious assets. We can get by without almost anything else. We cannot get by without food. There may be some other ways of producing food. I do not know. At this time the best judgement is that we are going to need every hectare of the land that can produce food in this world. We stand to be condemned because we are doing little or nothing to preserve that.

Hon. Mr. Timbrell: May I be clear on your position? Which categories of land would you freeze in perpetuity?

Mr. Swart: I am not saying that every acre of any category of land ought to be preserved in perpetuity. What I am saying is that the preservation of it has to be given the highest priority and it is not.

Your government would not write—and I am coming to that in a minute—priority for preservation of agricultural land into the Planning Act. We moved an amendment in the committee to give priority to the preservation of agricultural land, but they would not put it in the Planning Act.

Hon. Mr. Timbrell: I want to be clear on your policy. I will come back to this in my response. It would not involve a freeze of any land in perpetuity, say, for 50 years or whatever?

Mr. Swart: Our policy would perhaps be similar to what was done in British Columbia, although I think there are other ways of doing it. You are familiar, of course, with what was done

in British Columbia. A land commission was established and provincial government policy was established that preservation should have the highest priority. A change in the designation of the land would be made only under extreme circumstances.

There were some very minor changes made while the New Democratic Party government was in power. Of course, the land commission personnel was changed under the Social Credit government, as you know, so as to remove a lot of that land from agricultural designation.

I do not care how it is done. I am not saying that you must freeze every acre of land. I am saying that you must give priority to that preservation. Government policy must give that priority and it must be policed so that it cannot go. What we have now has no meaning. Even you must agree—maybe relatively—with me on what is happening in the Niagara Peninsula, that it cannot be condoned by any preservation policy. You must look now for other policies in view of what has taken place down there.

What meaning have lines on a map if they are not going to be enforced? What meaning does an Ontario Municipal Board ruling have in order to be considered permanent? None whatsoever. Immediately, within a month, they started to break the policy. If there were tremendous extenuating circumstances, the policy would have been different. The excuse is given that they are wetlands. The excuse is given that our policy is wrong. The regional council is saying that is why we are not enforcing it.

Hon. Mr. Timbrell: Let me ask about OMB decisions and also—many are, if not most cases these days—cabinet decisions with respect to official plans, be they in Niagara or anywhere else. What is your position on how long every land owner, regardless of the designation, should be bound by such an official plan? Should an official plan, once adopted, be irrevocable in any respect, or in five years or 10 years?

Mr. Swart: Perhaps for a period of time, but there is some merit in giving it some permanency for a number of years. There may be extenuating circumstances. All of us, as politicians, know that these sorts of things may happen, but if you have within the Planning Act or within the guidelines that priority shall be given to the preservation over other land uses and exceptions can be made only in extreme circumstances, and if you are willing to police that, then the Ontario Municipal Board can do a very good job.

I do not have much complaint with the rulings

of the Ontario Municipal Board, generally speaking, but there is no enforcement. In the case of this one in Niagara, your ministry did not even refer it to the Ontario Municipal Board.

Hon. Mr. Timbrell: What I am getting at—and I will deal with it additionally in my response—is that there are two issues. One is the question of government policy and how it is applied. The other issue, in a broader sense than simply the matter of preservation of agricultural land, is property rights and what rights any property owner, regardless of the type of land he owns, whether it is zoned for industrial, residential, open space, agricultural or whatever, has at any time to ask the local planning authority to amend the official plan for whatever purpose that land owner wants to ask.

That is not to attribute any endorsement of their motives or what they might propose. I just ask you, do not individual land owners, large or small, have the right at any time to ask for an amendment with respect to the lands he owns?

Mr. Swart: I am in basic agreement with you that they have the right to ask. There is probably a degree of permanency after you have made a decision like the urban boundaries for some period of time, whether that is two years or five years. That really evades the question because we know, under all planning, people have the right to make application.

We also know that somebody living in a residential area, for instance, could sell his property, if he was permitted, for two or three times the amount for some commercial development or for a high-rise or something of that nature in a single family area. They do not even apply if they know the policy and they know it is going to be enforced.

11:30 a.m.

What is missing is the priority in the preservation of our prime agricultural land. They know they can get it. It is not the application that is the major fault; they can apply and we do not want to take that away. It is the process which permits decisions and apparent policies to be made and then the whole thing is broken and has no meaning.

Hon. Mr. Timbrell: As I said, I think there are two questions. One is the policy and whether it is consistent or not and all that is involved in the planning process, including who is responsible for it and all that goes into that.

The other is whether or not an individual has the right, which I think he does. That is one of the concerns that comes up from time to time in

Canadian society these days. The perceived erosion of property rights is why there has been been so much concern expressed by property owners across the country to include property rights in the Constitution.

I ask it in part, I guess, for political interests because, as I understand it, your party is opposed to including property rights in the Constitution. Is that not correct?

Mr. Swart: That is not necessarily the case.

Mr. Samis: That is a blue herring. We have not come out against it.

Hon. Mr. Timbrell: I guess perception is reality. That was certainly my perception.

Mr. Samis: You are wrong. In British Columbia the NDP voted for it.

Interjections.

Mr. Swart: I want to deal with that because I would like to come back and ask you if you agree with the planning process that we have in Ontario at present which forbids all kinds of people who own land from changing it to a more valuable use for them. That is what planning is all about. It looks after the public interest.

We refuse all kinds of people the right to do with their land what they want to do with it. Here we have a situation where the Ontario Federation of Agriculture and the Christian farmers union—

Hon. Mr. Timbrell: Federation.

Mr. Swart: —the Christian farmers federation, come out and say, "Yes, this prime land could be preserved."

What we do not have is the machinery and the will of your government to preserve it, to give it the priority in planning that you give in the urban communities, to say in the public interest, "You cannot change that parcel of land to high-rise or you cannot change that to a commercial enterprise."

Your government is willing to do that in that location, but you do not give the priority to the agricultural land.

Hon. Mr. Timbrell: Would you accept or acknowledge that, even among agricultural organizations including the two you cite, there is disagreement from time to time over how that should be done.

For instance, I would cite just one example. You referred to severances earlier on in your remarks in the recent Niagara case. There is quite a difference of opinion between those two organizations on the matter of severances. The one would not allow any severances of any kind

for any reason. The other is more willing to entertain severances. Their policy is more along the lines of the policy of the Ministry of Agriculture and Food, which would be one severance per 100-acre parcel for farm-related purposes, including retirement. Even there, there is not a unanimity on every issue.

Mr. Swart: We know that quite frequently the individual who wants to sell his farm for some kind of development is very strenuously opposed to the federation policy. I realize there is not unanimity, but generally speaking, both the Ontario Federation of Agriculture and the Christian farmers federation have policies which are far ahead of the policies of your government, or at least the implementation of them.

There is one area—if I may move on—that I want to touch on, but not at such length. I mentioned it at the beginning. Agricultural land, generally speaking, is now taking second place to aggregate extraction in this province. There are already something like 100,000 acres of agricultural land shown in official plans for aggregate extraction.

If all the Ministry of Natural Resources plans and surveys of aggregate resources are included in all the official plans, there will be something like half a million acres of agricultural land which will be shown on official plans for ultimate aggregate extraction.

Again, I have pointed out that there is nothing in any government document which says that agricultural land shall have priority for food production over aggregate extraction except in the case of five small areas of this province. Even there, where you are saying there is special, unique land, you are going to permit it.

Your policy with regard to these five particular locations, which you stated in the Legislature on February 23, 1983, says: "Under our tightened policy, aggregate mineral extraction—for example, gravel pit mining—will not be permitted in designated specialty crop areas unless it is reasonably documented that the land will be restored to produce the same crop at the same production level."

At the present time the Ontario Federation of Agriculture and the other farm groups are not convinced whatsoever that you can, generally speaking, bring land where aggregate extraction has taken place back to the same conditions, to grow the same crops in the same volumes as they did prior to the aggregate extraction taking place. We have had great pronouncements by your government over the years about the rehabilitation of pits. I could bring all kinds of

evidence in to document that. It has not taken place, and I suggest to you that the same thing will happen here.

Again, what bothers me to a very substantial degree is that the first place this is going to happen is in the most productive land in this province.

First, I think it deserves to be pointed out that the new Planning Act provides policy statements of the government with regard to provincial interest, under part I, section 3. I want to quote this into the record.

"3(1). The minister may from time to time issue policy statements that have been approved by the Lieutenant Governor in Council on matters relating to municipal planning that in the opinion of the minister are of provincial interest, and any other minister of the crown may, jointly with the minister, issue such policy statements."

"3(2). Before issuing a policy statement, the minister shall confer with such municipal, provincial, federal or other officials and bodies or persons as the minister considers have an interest in the proposed statement."

A new policy statement was produced by the Ministry of Natural Resources and given approval by the cabinet, which gives exceedingly high priority to aggregate extraction, such high priority that the aggregate producers are extremely happy with it.

I could read much of this document into the record here. I am sure you are familiar with it. What I want to point out is that this document was produced without the consultation required by that section of the Planning Act. Subsection 3(2) says: "Before issuing a policy statement, the minister shall confer with such municipal, provincial, federal or other officials or bodies or persons as the minister considers have an interest in the proposed statement."

The act was passed on January 25, 1983. It had been in preparation, as I am sure you are aware, for some five, six or seven years.

Hon. Mr. Timbrell: Closer to 10, I think.
11:40 a.m.

Mr. Swart: No, actually, it was not closer to 10. It was only eight from the time they first started the review of the old act. Anyhow, it was in preparation for eight years. The actual bill had been before us for two years, being dealt with by committees and the House. We had a 10-point agricultural policy statement which had been released in 1979.

This Planning Act was passed on January 25,

1983. This new document was approved on December 2, 1982, one month before. Do you think that was coincidental? Could it have been that this might have been a very controversial statement, controversial with municipalities and agricultural producers? Could it be that you did not want this consultation, so you decided to get this out of the way before the Planning Act was finalized in January of this year? I suggest that this is what happened.

After having a 10-point program for almost three years, there did not seem to be a necessity to bring this in. No, you wanted to get it through because it was a controversial matter. It was never circulated for public comment and now, according to this, every official plan must show the aggregate within the official plan of that municipality.

When the Foodland Guidelines were first brought out, it was the only real policy statement the government had. Therefore, it had some priority. Now anyone reading these two documents will realize that aggregate extraction has priority over the preservation of the agricultural lands.

Hon. Mr. Timbrell: Even if the document exists?

Mr. Swart: Certainly, because this is a policy statement under the Planning Act, and the Ontario Municipal Board must give consideration to this.

Hon. Mr. Timbrell: With respect, if you go back—and it predates your time here—I spent a long, hot summer in this room in 1972 as a member of a select committee on the Ontario Municipal Board. One of the things we heard repeatedly from the board and from people dealing with the board—and it was included in the recommendations of that select committee—was that the government should have more clearly defined statements of policy.

I think, in fact, that the review of the Planning Act was begun, at least internally at that point, in the early 1970s. It is all part and parcel, leading up to statements of policy on a variety of issues. If you are saying that the fact that it exists at all makes it a higher priority, I just cannot accept that.

Mr. Swart: You must know that the Ontario Municipal Board must give consideration to policy statements of the Ontario government. If there is no policy statement, they do not have to give consideration to it.

I am all for the policy statements. It is what I think are the distorted priorities that bother me.

When there is a statement like this, which says, "This policy establishes mineral aggregate resources as a matter of provincial interest and concern," it puts it right in line with our new Planning Act as "a matter of provincial interest."

It goes on to say: "All parts of Ontario possessing mineral aggregate resources share a responsibility for meeting provincial demand."

Then, under the policy for official plans, it states: "The official plan should protect legally existing pits and quarries from incompatible land uses. Lands under licence or permit shall be shown in the official plan. For lands not under licence or permit, established pits and quarries that are not in contravention of municipal zoning bylaws and including enough adjacent land to permit continuation of the operation, must be shown in the official plan.

"Zoning bylaws shall permit wayside pits and quarries in all zoning categories"—in all zoning categories—"except in zones which are established to recognize existing development areas of particular environmental sensitivity where wayside pits and quarries may be prohibited." They must be permitted in any other location.

Under implementation, it says: "Any ministry, the Ontario Municipal Board or any other body or resource management agency that has been assigned an approval or review function in matters of land use or resource planning by provincial statute, regulation or delegation shall have due regard to this policy when making a planning decision that affects mineral aggregate resource lands.

"In particular, the Ministry of Municipal Affairs and Housing shall ensure that all municipal planning documents which it is required to review or approve adequately comply with this policy." The policy requires that all areas of resource be shown at least by an appendix at the present time.

The kind of destruction of food land that will take place through aggregate extraction is the same kind of destruction that is going to take place through urban expansion. As I have stated, in the Planning Act we tried to move amendments to give priority to agricultural land. We said there should be a statement within the Planning Act which gives some idea of priority. That was turned down. Incidentally, the Liberals on the committee voted against that as well when we introduced amendments to give some priority.

Now we have planning documents which come out. We further tried to have these tabled in the House. We moved that they should be

tabled in the House for discussion because these, the minister will admit, are the real plans for Ontario. They establish the priorities, if priorities are going to be established. They are policy statements.

I want policy statements. We said because they are so important they should be required to be tabled in the House. That, too, was defeated by a majority. If I remember correctly, the Liberals did go along with us on that one, but it was defeated by the majority on the committee.

I wanted specifically to mention three areas where the expansion of pits and quarries is going to take place on unique land. These are all in the Pelham area and there are three applications in at the present time. The first proposal is by Steed and Evans for a 125-acre site at the corner of Tice and Effingham Road, some of the most productive and best fruit land in the Niagara Peninsula.

They have not yet been successful in getting approval of the local municipality or the region. They are now filing an appeal with the Ontario Municipal Board because the local municipalities have not approved it. They are also asking for the expansion of the present pit—another 19 acres to be added to their present pit in close proximity to the 125 acres.

Then there is D. L. Stevens Contracting, the former Bishop pit south of Highway 20. They bought another 14 acres. They have applied to the region, and that has been approved. Again, some of the finest tender-fruit land in the Niagara Peninsula. In this case the municipality of Pelham is appealing.

Then there is TCG Materials Ltd. They bought 60 acres of land for expansion of their present licensed pit. It is south of Tice Road on the west side of Effingham. It is presently in cherries and peaches.

There is a zone change that is needed, a change in the official plan, an amendment by the town of Pelham. The regional government has approved this, Pelham is supporting it and the Ministry of Agriculture and Food has come out in support of this 60-acre expansion of the pit by TCG Materials.

You know the argument given: "Perhaps if we allow this expansion, then when Steed and Evans come for their 125-acre expansion it will not be approved. We can say that there is enough there for many years."

Hon. Mr. Timbrell: Sorry, who made that argument?

Mr. Swart: The municipalities. It is the main argument that both the region and the town of

Pelham have given for approving, and they have amended their bylaws. Your ministry has approved it.

11:50 a.m.

This is a headland for one of the two year-round, spring-fed streams still flowing in southern Ontario. If the gravel is taken off this whole area, that stream will no longer exist. It is tender fruit land. It is being used at the present time and the ministry has approved of it.

I say to the minister that is just one more indication that there is not the slightest sincerity in the whole matter of food land preservation in this province. I regret to say that, but it is true. The experience I have cited indicates so clearly that there can be no real argument against that.

Mr. Chairman, I am going to conclude with just one other comment, about the veterinary college. It has been mentioned. I know the minister now is leaving the impression—and perhaps correctly so—that they are going to take rather fast and dramatic action to correct the situation there. But I want to point out to him that my predecessor, the former member for York South, raised this in the estimates two years ago.

The fact that your ministry—and you have been there now for some 16 months—permitted this reduction in accreditation—

Hon. Mr. Timbrell: It is not a reduction.

Mr. Swart: Whatever words you want to use—whether they are on probation or whatever, there has been a downward change in the accreditation of that college. Do not tell me otherwise, please.

This whole matter was raised, as I say, by my colleague, Mr. MacDonald, back in the estimates in 1981. In the discussion he had this to say:

"... we have had suggestions from the minister and elsewhere that whatever the problems were in terms of a threat to the survival and level of service at the Ontario Veterinary College in Guelph, they had been met. That being the case, I was lulled into a sense of security. Now I am rather startled to receive a letter, dated October 23, from Dr. T. A. H. Sanderson, president of the Ontario Veterinary Association, in which he says the situation continues to be serious. "The situation is this"—and he quotes from the letter:

"The Ontario Veterinary College is facing grave financial difficulties because it is not treated like teaching hospitals in human medicine. It is the victim of general university

cutbacks, but relief could be given if the service ministry, the Ontario Ministry of Agriculture and Food, were to provide funding for Ontario's veterinary college similar to that provided by the Minister of Health to teaching hospitals in human medicine.

"Should the college lose its accreditation because of the deficiencies in staff and equipment, our export market for livestock and livestock products would be in jeopardy. The faculty salaries are now the lowest among the three veterinary colleges in Canada and referral services have already been curtailed."

"That is a pretty serious, up-to-date outline of the situation. Are you planning to do anything more or have you done all you are going to do, but leave them struggling to survive and maintain their standards?"

That last sentence was Don MacDonald's.

Mr. Henderson referred this to Dr. Rennie, who said: "We have been working on that one for quite some time and we do have a very concrete proposal before the government on this . . . We are satisfied with what we consider should be done, and the total proposal is now being considered by our minister and his colleagues."

Then the deputy minister gets into the act and says: "We have to be pretty rational about how we do it and we are going to do it. We have to do it within the purview of a bigger university in which the vet college is one part of that university. We have to be able to defend and rationalize it, not only to the Chinese history teacher who isn't a vet, or whatever else they have got at Guelph, but also where we are going in vet services, training of people, the kind of teaching facilities we have got and keeping that core cabinet of staff."

"The commitment is there; it has to be done. It is the highest priority we happen to have right now in the ministry; the highest single thing that we are pushing."

That was in 1981, and now, as of a couple of months ago, we have had accreditation reduced. Although this may not be a disaster, it certainly has done something, again, to show the priorities that we have in this province and it certainly does something to put some kind of a tag on the graduates from that college. We will be waiting expectantly to see if the steps are now going to be taken that were promised back then, two years ago, and also mentioned in several discussions in the estimates prior to that time.

You may be pleased to know that completes the points I want to make at this time. I have

deliberately dealt with what I consider to be the most crucial immediate problem, that is, short-term finance for the farm community which may be required this year. I suppose with the situation of the late planting, and in some instances no planting at all, it may be much more critical than we thought it would have been even two or three weeks ago. That to me is a very serious matter. Second, the long-term major problem we have is the preservation of our agricultural land.

Thank you for this opportunity to make a contribution.

Mr. Chairman: Mr. Timbrell, do you intend to make some opening remarks at this time?

Hon. Mr. Timbrell: Yes, I would like to respond. I will start in response to Mr. Swart's comments. I understand that he cannot be here this afternoon and, unfortunately, Mr. Riddell is away today engaged in some task force duties in Goderich, so most of my responses today will be made in the absence of the critics. I offer that partly as an apology, but partly as an explanation too.

Starting first with Mr. Swart's last comments on the Ontario Veterinary College, quite frankly, I have always been impressed, over the years that we have been colleagues in the House, with the way he picks and chooses the material for his arguments. I do not know whether it is selective memory or creative ability. Whatever it is, I am always impressed.

Mr. Swart, you have quoted at some length remarks made in the 1981 estimates which were prompted by a letter from the then president of the veterinary association. It has been some time since I looked at Hansard for those estimates, which I did shortly after I went into the ministry, but it also probably referred to the last accreditation prior to this one, at which time the accreditation review team zeroed in on basically two problems. One was clinical education and the other was the physical deficiencies of the college. The clinical requirements were met over a year ago. I am sure you must have known about that and I am disappointed that you did not acknowledge that was done.

12 noon

In April 1982 I announced a change in government policy with respect to the veterinary college that acknowledged a need for government support for clinical education, and especially for what they call an externship program. That announcement was to the effect that \$1.8 million would be added to the govern-

ment's commitment to the Ontario Veterinary College, which is also reflected in the figures you have for the 1983-84 estimates of the ministry.

I would not say that amount of money was set by the University of Guelph, because it was set in the truer sense by Management Board, the Treasurer (Mr. F. S. Miller) and the ministry, but that figure represented, to the penny, what Guelph indicated was needed to address the clinical education deficiencies at OVC as identified in the earlier accreditation. As I say, I am a little disappointed that you would not have acknowledged that particularly since I referred to it last week in your presence.

Mr. Swart: I told you it would be only the reply to replies.

Hon. Mr. Timbrell: I suppose.

Mr. Swart: I was just going to say that I am aware of that, but the fact still remains this was the year that the accreditation of the veterinary college was downgraded.

Hon. Mr. Timbrell: I was going to come to that. Quite frankly, I think you do the college and all their recent and past graduates and all those who are undergraduates a great disservice for your purposes by continually referring to the college as having been downgraded.

Even the accreditors would not say that the college has been downgraded. The accreditors have, in effect, placed a caution on the accreditation. The college continues to be accredited; it has not lost its accreditation. The accreditors are cautioning that, in their view, principally because of physical deficiencies at the college, action must be taken to improve it. I am going to deal with that.

Mr. Swartz: Mr. Chairman, if I am using wrong terminology, it is exactly what was used in the press. The Hamilton Spectator, the Globe—

Hon. Mr. Timbrell: I am aware of that, but that does not make it correct. If you are as interested, as I am, in trying to help the veterinary college, then you do not help them by publicly referring to the OVC as having been downgraded, having lost its accreditation or whatever. Those are not the facts. Whatever words the press may choose to use does not change the true facts.

Mr. Swart: Whoever it would hurt from the lack of government—

The Acting Chairman (Mr. Gordon): Mr. Swart, I wonder if we could let the minister

continue. It is his opportunity to reply. Then later on if you want to get in a few licks, you can do that.

Mr. Swart: I will abide by your ruling, Mr. Chairman, even though he intervened a few times when I was making my statement. Any thing I have to reply I will do it under the various sections of the estimates.

Hon. Mr. Timbrell: On the capital question, there was a joint federal-provincial building program at OVC in the mid-1970s. The agreement that covered it was signed by four ministers: the Minister of Agriculture of Canada, who at the time was the same individual who presently occupies that position; the Secretary of State of Canada, who I believe at the time was Mr. Faulkner, the ex-member for Peterborough; and two provincial ministers, the Minister of Colleges and Universities of the day, Dr. Parrott, and Mr. Stewart, the then Minister of Agriculture and Food, soon to be installed as chancellor of the University of Guelph.

It was felt at the time by all involved at the federal-provincial level that the program would address the capital requirements, but we all know what happened to construction costs from the mid-1970s on. Inflation and the costs of construction—I certainly was aware of this as Minister of Health—far exceeded the normal inflation rate; it ran well ahead of the consumer price index for years on end. It is only recently that it is perhaps at or less than the current rates of six or seven per cent.

As a result of that tremendous inflation in construction costs, a lot less was accomplished than had been intended. More recently, having resolved the clinical education part of the problem to the full extent identified by Guelph as needed to correct that—Even in the recent statement issued by the current president of the University of Guelph with respect to the latest accreditation report, he spoke in somewhat glowing terms about what the Ministry of Agriculture and Food and the government had done to address those problems.

Over the last number of months, going back into 1982, I have been pressing the matter of the need to address the capital problems as well and, on a number of occasions, pressed that point with the federal minister. I remember particularly a breakfast meeting he and I had in November during the annual meeting of the Ontario Federation of Agriculture, at which time he told me flatly the federal government had no money to address the problem.

I persisted on this matter. About two months

ago I brought the matter to a head with my colleagues and got a commitment from the Treasurer, the Chairman of Management Board (Mr. McCague) and the Minister of Colleges and Universities (Miss Stephenson) that we would do our best from the provincial end to address these capital problems. That was conveyed at the time to the president of the university in meetings that I had and my staff had with him and his officials.

It has been conveyed to the federal minister and his deputy minister on several occasions, most recently last Wednesday. I think you were here when I read into the record a letter my staff had prepared to go to Mr. Whelan. I had checked the content of the letter with the three provincial ministers I mentioned.

Basically, that letter now puts in writing and reaffirms everything I told him in the first place, namely, that we are prepared to meet our obligations and, in particular, to begin the planning process in this current fiscal year. That letter asks the federal government to do the same, not only to participate in the planning process, but to make that commitment.

I have some concern—I raised it here last week—based on a comment the federal deputy minister made to me, that the federal government may be looking to put up some planning money, but will not commit itself beyond that. Quite frankly, I would be happy to get the planning started, but that concerns me.

Again, my experiences as Minister of Health taught me that when you spend planning money in one year to develop what it is you need to build, if you do not do anything with that for two, three, four or five years, by the time you get around to the point where you say you now have the money available, when you are dealing with these highly sophisticated buildings—it is different than when you are building a Ministry of Transportation and Communications garage or a district office or something utilitarian like that—the plans are out of date and that money will have been wasted. So we will continue to press the issue with the federal government.

12:10 p.m.

Recently they announced their willingness to put \$10 million into Guelph—I am not sure whether they identified Guelph in isolation or Guelph and Toronto—for a toxicology centre. That is certainly a worthy objective. It seems to me they should be prepared to be as committed to correcting the problems of one of the outstanding veterinary colleges in the world at the same time.

We will continue to press that and I am sure your colleagues, those of Mr. McGuigan and Mr. Ruston in Ottawa and our colleagues in Ottawa will continue to press the matter with the federal minister and his colleagues to be sure he has the resources and the authority to make the same kind of commitment I have made on behalf of the provincial government.

Mr. Swart: Can I ask one question there? You may not want to answer this and there is an understandable reason.

What alternatives do you propose if Ottawa continues to say no to the construction money, not just to the planning money?

Hon. Mr. Timbrell: I think they are prepared to put up the planning money. What I am trying to do is to get a firm commitment to do it.

Mr. Swart: What are the alternatives?

Hon. Mr. Timbrell: The alternatives would be dealt with in the development of the plan because I think everybody acknowledges we do not have to do everything at once. Again, judging by hospital projects over the years, I know there are various ways to cut the plan, to phase the plan, and everybody is prepared to consider that. We realize you would not do it all in one year; you would probably do it over two or three or four or five years, or whatever, dealing with the most critical areas first and moving on from there.

It is a joint federal-provincial responsibility and we will push it in that vein.

Moving on to some of the other points you raised, I was intrigued by your comments about net farm income being down 14 per cent. I do not know your source for that because our latest figures—perhaps later in the estimates we can get into it and I would be happy to do so—indicate that in 1981 net farm income in the province was—

Mr. Swart: I was speaking nationally.

Hon. Mr. Timbrell: I am only the Ontario minister, so I will deal with—

Mr. Swart: I think I made it clear.

Hon. Mr. Timbrell: I am sorry, I missed that distinction. In Ontario I would not want that 14 per cent figure to stand unchallenged. In 1981 our figures indicate a net farm income of \$840 million and in 1982 a net farm income of \$822 million, admittedly a decline, but something in the order of two per cent, not your 14 per cent.

There were, earlier on, some much more pessimistic predictions than that, but these

figures would be from Agriculture Canada as well as Statistics Canada.

Mr. Swart: Could I interrupt, please, just to put the record straight? My figures are from Statscan. After considering inflation and taxes, Statscan said net farm income in Canada dropped by 14 per cent.

Hon. Mr. Timbrell: In Canada. I am dealing with Ontario. You have to be careful not to mix the two because that would do a great disservice to our own farmers. These are the figures from Statscan: \$840 million in 1981 and \$822 million in 1982. Their projections for 1983—and projections can obviously be either high or low and their projections a year ago were lower than the actual results—are \$870 million.

On top of that, you refer to their costs as being up six per cent. The figures I recall seeing came from the Department of Agriculture. Again, I would think their source was Statistics Canada. However, the increase in costs in 1982 were apparently the lowest annual increase in costs since 1957, something in the order of about two to three per cent. Those were the figures I believe Statistics Canada and the Department of Agriculture had given us.

Again, perhaps we can get into this later on in the various votes.

Mr. Swart: Maybe I could just go on record as saying that Statistics Canada said four per cent.

Hon. Mr. Timbrell: The figures we have had from them and from the Department of Agriculture were two to three per cent. However, it was certainly not six per cent.

If I heard correctly, I thought you were suggesting or stating as a fact that something in the order of 1,500 to 2,000 farmers liquidated in 1982. This would purely be based on the estimate that, for every farmer who declared bankruptcy, there were another 10. I know that figure has been used. The president of the federation has used it on a number of occasions. What that is based on, quite frankly, I have never understood. I think even he would acknowledge that it is a guesstimate.

However, my understanding is that 1982 was not an unusual year compared to other years in terms of the number of transactions, that is, farms changing hands. I will check this and confirm it, but I do not believe that the total number of farm transactions in 1982 would have been 2,000.

I am not even sure that the total number of ownership transfers would have hit 1,500 for whatever reason, whether it be retirement due

to age or health, change of family circumstances, or financial problems of whatever degree. I think that figure, again, is grossly overstated. It exceeds the total number of transactions likely for all reasons in the province.

You went on from there to point out that we do not have figures on the reasons for people exiting from farming. That is quite true. We do not require people to give us a statement at the time of change of ownership or at the time of withdrawal of active agricultural production.

With respect, perhaps it reflects a philosophical difference. I have certainly found something to be the case in the recent discussion on the farm tax rebate matter, and I am intrigued that neither opposition critic has raised that issue and stated his party's position on it.

I certainly found—or it has reinforced what I know from my own childhood in eastern Ontario—that in the farm community the fewer questionnaires from government and the less government involvement in their daily lives, the better the people like it. This is the sort of thing I think the farm community would misinterpret as a Big Brother mentality. I do not know if you agree with that, Jim.

Mr. McGuigan: I am not exactly enamoured of that.

Hon. Mr. Timbrell: No, no.

Mr. McGuigan: Perhaps I may make a comment. In these present times we have all these wild estimates. They may be accurate and they may not. There are so many variations within the system. Some of these people sort of quit farming. Maybe they do not sell the farm; maybe they get an off-farm job to keep the home and rent the land out to somebody else, so that no transaction takes place.

12:20 p.m.

It seems to me that it might be a good thesis, or a job for an undergraduate or somebody, to go into two or three townships, say, and analyse them: a township in eastern Ontario, one in central Ontario, and so on. That person could try to find out what is happening.

Hon. Mr. Timbrell: I believe there are several people doing that. However, the point is that we do not keep a registry. I think, if anything, that it would be misinterpreted and taken as a sign of further government interference and surveillance that would be resented.

Mr. McGuigan: It probably is not going to tell you these fine-tune things that happen either.

Hon. Mr. Timbrell: No, they will not tell you that.

In fact, I think you made that very point, Mr. Swart, when you said that people in financial trouble do not like it to be known. I think your words were, "They do not wear it on their sleeves." I think that is true in society generally, but very particularly in the farming community.

I have to tell you, though, that because of the unique relationship that does exist between the farming community and the staff of my ministry, a relationship that goes back 76 years, we probably know more through our agricultural representatives and specialists about the people in the farming community.

Mr. Swart: Or could.

Hon. Mr. Timbrell: We do. I can tell you we do know more than any other branch of the government service knows about its clients. First of all, our staff are not blabbermouths. If they hear about somebody in difficulty, it is not advertised by them. If it were, that trust relationship would dry up overnight, not with just that one farmer but with the entire farm community.

Over the years our people have worked very closely with the individuals to try to resolve these problems. It is not unusual for an ag rep or others of our staff to spend long evenings and parts of weekends helping a farmer to sort out his books and trying to get out of a jam.

Our staff do keep the senior management and myself advised of their impressions of the financial problems in a particular county, and then, on an individual basis, we often become the farmers' advocates, whether it is through the farm assistance plan or—

Mr. Swart: Could I pose just one question here?

I do not disagree with you with regard to the confidence that most farmers have in the ag rep or the relationship that exists between them. It is one very real reason why I think they can provide the information.

Have you endeavoured to assemble information on the farmers in difficulty, without any names or anything, by getting reports in writing from your ag reps on the numbers? If so, can you bring those to this committee?

Hon. Mr. Timbrell: Yes. For instance, I met with the delegation from the Canadian Farmers' Survival Association two weeks ago yesterday. In reviewing their proposals, we canvassed a great many people: suppliers of farm equipment and supplies, the banks and other lenders.

However, we also canvassed our ag reps to try to pin down the number of people who were really, if you want to use the expression, against the wall.

We asked the farm survival association. We said, "Give us names." They gave us, I think, about 18 names in the first go-round. We ended up—

Mrs. Bardecki: We ended up with 87 names. We investigated each and every one of them.

Hon. Mr. Timbrell: However, I think we got 18 in the first list. We pushed further through them and through the ag reps. We ended up, as Ms. Bardecki said, with about 87 names out of 82,000 or 85,000 farmers in the province.

Yes, we do keep in regular touch with the ag reps. We can talk more about that later on in the votes and items.

I am glad to know you support the proposals for tripartite stabilization. There is just no question that we have already made much greater progress with this proposal than anybody gave us a chance of achieving. I remain disappointed in the attitude of the federal government because things that have been promised for much longer than either of us have been in our present positions of responsibility have not been delivered.

One is the red meat strategy. It has been promised for going on two years, and we still have not seen it. Another one is related to that. There was a survey taken about 18 months ago by officials of the Department of Agriculture on the wishes of beef producers, the results of which survey have been promised to be released publicly repeatedly. They have never seen the light of day and, quite frankly, I do not think they ever will be released by the federal government.

We tried at Halifax last July and again in the fall in formal meetings and through countless informal meetings and contacts with the federal government to get their active participation in a task force to design a tripartite stabilization program. The best we have been able to achieve to this point has been the involvement of an observer for the federal minister and the federal department in the meetings of the task force which we did establish following our March 1 meeting here in Toronto.

As I say, there are a great many people who thought we would never get as far as we have, that we would not even get off square one, first, in agreeing on the need for such a program and, second, in establishing a task force working with some broad principles that were agreed on at

Regina in November and in Toronto in March. In fact, I said that to the federal minister about five or six weeks ago in Ottawa.

Mr. Swart: He is not there unless he comes around.

Hon. Mr. Timbrell: The whole matter will be brought to a head in five weeks' time when the 1983 meeting of agriculture ministers is held at Brudenelle in Prince Edward Island.

I do not want to leave the wrong impression. We are not out of the woods yet. The most difficult question that has to be resolved is the matter of top loading. We presently have the national Agricultural Stabilization Act which is generally acknowledged as being inadequate. The payments seem to be inadequate, the processes seem to be far too slow and unpredictable and, as a result, a number of provincial programs have been added on top of that. With respect, I think you said we do not have any. The fact is, we do.

Mr. Swart: No, I did not say that.

Hon. Mr. Timbrell: I thought you said that. We do have our own stabilization program that goes up to 95 per cent.

Mr. Swart: I know.

Hon. Mr. Timbrell: The top loading question is the most difficult because, assuming we are able to agree on a specific tripartite stabilization program, it will stand or fall on whether or not six months, a year, two years or whatever along the way a provincial government or provincial governments start adding to it. That will just put us right back into the mess we are in now.

I met yesterday with the executive of the Ontario Cattlemen's Association and I was pleased to know they support my view. There have been several occasions in recent weeks and months where some cattlemen, for instance, said the province should bring in a program now while we are trying to develop this tripartite program.

My position, which the association executive apparently supports, has been that if we were to do that, two things would happen. First, most of the other provinces would quit the negotiations

on tripartite stabilization and they would say we acted in bad faith. Second, we have already had indications from at least one province, from their government and from their cattlemen's organizations, that if we did, they would up the ante. They would bump their existing support program so the net benefit to Ontario producers would be no better or perhaps worse than currently exist. In other words, we would completely lose the progress we have made to date on stabilization and any chance of bringing it about and the net position would be no better and perhaps even worse.

Mr. Swart: Mr. Chairman, I know it is after 12:30 p.m. Would you permit me one question on this field?

The Acting Chairman: Three more minutes. Go ahead.

Mr. Swart: I am concerned about this tripartite stabilization, too, because I see it as the only sensible route we can go. Do you expect you will get a definite response from the federal Minister of Agriculture at this meeting as to whether they are going to agree to this program or is there a possibility it may be another stall? Do you think you will get some firm kind of a commitment, even if it is quite a way down the road?

Hon. Mr. Timbrell: If I have learned one thing in 16 months, it is not to predict what the federal minister will do.

Mr. Swart: He has not given you any commitment that he will give a commitment one way or the other?

Hon. Mr. Timbrell: We are all practical, practising politicians here. I would think that if we are able to place a proposal on the table which has the agreement of the provincial government, from a practical political point of view I would think the federal minister will be hard put not to take a position. He will only need look at the calendar.

The Acting Chairman: I guess that is it; we will wind up.

The committee recessed at 12:35 p.m.

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Agriculture and Food

Third Session, 32nd Parliament
Wednesday, June 8, 1983
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, June 8, 1983

The committee resumed at 2:06 p.m. in committee room 1.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

Mr. Chairman: I would like to recognize a quorum and carry on with the minister's response to both Mr. Riddell and Mr. Swart.

Hon. Mr. Timbrell: I have already dealt with the question of net farm incomes this morning. I think the most important point—it does not hurt to repeat it—is the question of tripartite stabilization. I have repeatedly asked that those members of the opposition who have any access to the corridors of power in Ottawa, access to those who would make decisions about any federal involvement, do what they can to impress upon the federal government the need for them to be involved in designing the program, and certainly in participating in whatever program is finally agreed upon.

To this point, the answer from the federal government has tended to be, "We proposed something like this in 1978 and it was not accepted, so why should we participate now?" The implication from time to time is that Ontario was less than enthusiastic about that 1978 proposal. I just want to restate for the record that Ontario did support that proposal in 1978. The two main opponents of the proposal at that time were the Canadian Federation of Agriculture and the Canadian Cattlemen's Association.

Over five years, people can change because, at present, both of those organizations are participating in the task force that has been struck to design a tripartite program. They have accepted the principles we put forward in various submissions to interprovincial and federal-provincial meetings in 1982 and early 1983.

I really do not know at this point whether it is because Ottawa is waiting to see if the provinces can work something out among themselves with the producers before they will step in, or whether it is a belief—I have to believe this—that some people in some parts of the federal government—I will not be any more specific than that—feel that the chances of interprovin-

cial agreement are negligible, so they will let the provinces try and fall flat on their faces and then they will come in and pick up the pieces with whatever. I think some people do believe that, but I hope we are going to prove them wrong. So far we have.

The member for Welland-Thorold (Mr. Swart) asked how long would we put off our stabilization plan in the absence of federal action. I think I dealt with that this morning. At this point, we have to direct all of our energies towards developing this tripartite plan. If we were to divert our attention away from that, and say that until it is agreed on we are introducing program X, Y or Z, it would amount to more topping up of the existing Agricultural Stabilization Act. We would lose any chance of an interprovincial agreement and we would be cited as having bargained in bad faith. There are provinces—at least one I know of—which would top up their programs beyond anything we might do and we would be no further ahead.

I do not know why the member persists in doing this—I guess I do know why—but he has argued since budget day that spending has been cut. The fact is that in any given year there are a great many unpredictable things that can happen which necessitate spending by the Minister of Agriculture and Food far beyond anything that was budgeted or anticipated. Last year, it happened to be the crop insurance fund, where we had significant draws on the fund for tobacco problems.

Mr. Cooke: That is the same line you used when you used to cut back in the Ministry of Health.

Hon. Mr. Timbrell: If you want to make a submission, I will be glad to deal with it. I have never known you to be impressed by the facts, I do not know why you would start today.

Mr. Cooke: I have never known ministers of the crown to present facts.

Hon. Mr. Timbrell: It is all in the eye of the beholder, I guess; what you start out expecting.

The base budget this year has been increased. In the previous fiscal year, 1982-83, there were unanticipated expenditures for crop insurance. The year before, there were unanticipated

expenditures for emergency assistance to the beef industry, which put the year-end actual figures in both cases higher than the next year's base budget figures. The budget for the ministry in the year 1983-84 has grown from last year's base of \$283.9 million.

The member went into the question of the farm assistance program and in the course of his remarks referred to the emotional attachments which farm families feel to their property and their homes. I totally understand that and it is quite different from most other, if not all other, sectors of society, although it is no less sad to see anyone, anywhere, lose their home and/or their business.

The farm assistance program was based on a task force report produced in the fall of 1981. The task force consisted of the president of the Ontario Federation of Agriculture, the Deputy Minister of Agriculture and Food and the Deputy Treasurer. It was aimed at two particular problems: the effects of very high floating interest rates and the need, because of problems with commodity prices, to assist viable farm operations to obtain operating credit.

I think it has been very successful. I think the member this morning said—he quoted some source—four or five per cent of farmers in the province are experiencing some greater than normal financial difficulty. In fact, last year we ended with about four or four and a half per cent of all farmers; an even higher percentage if you just go on the number of commercial farmers in the province. There are 50,000 to 60,000 farmers and we had 3,500 participating in the program. I do not think there is any question but that program made a big difference for a great number of those farmers in their ability to farm in 1982.

Now that interest rates have declined considerably, the principal benefit under the program is, and will be, with respect to guarantees on lines of operating credit.

I would remind you that the program from the beginning has been designed to be a time-limited program. It was originally intended to run for the 1982 calendar year only. We extended it through 1983 because of the recurring problems—not always the same problems, but particularly problems with respect to commodity prices in 1982—to run out at the end of 1983. We will review again with cabinet in the next few months whether there is a need for an extension of this program or a similar program of any kind from 1984 on.

The honourable member indicated that he cannot or he will not accept any arguments about viability. I find that rather strange when, as I pointed out to him in the House last week, in Manitoba, where his party forms the government, they have a farm credit assistance program under which the minister is extremely insistent that the viability of the individual farm enterprise for which an application is being made must be considered.

Mr. Cooke: They have agricultural support programs in Tory provinces, too.

Hon. Mr. Timbrell: The minimum equity required under that program in Manitoba is 20 per cent. The range under our program is between 10 and 60 per cent, although we do go below 10 per cent. We have approved assistance in cases where equity has been less than 10 per cent and, in a couple of cases, literally a fraction of one per cent where, based on all the best evidence available and in the best judgement of the people making the decision, it would seem that they have a chance to get through the year and end up in at least no worse a position than they are at the present and maybe have a chance to recover some lost ground.

Interjection.

Hon. Mr. Timbrell: I am not sure. I wish he were here; we will find out when he is back next week.

Where we cannot entertain an application, and in this respect we are no different from the Farm Credit Corp. in Ottawa or the Manitoba plan, we cannot under the terms of our program, under the terms of the order in council under which it was established, provide assistance or even entertain an application where there is negative equity, where they are technically, if not legally, out of business.

The member and the member for Huron-Middlesex (Mr. Riddell) acknowledged in their remarks today and last week that you cannot help everybody. I think, though, that the record shows that we have been helping those who can be helped. You can argue whether the help that is available goes far enough, but in terms of the eligibility criteria, in terms of the types of cases that we have been involved with, cases where my staff have spent days and days mediating the resolution of problems between farmers and their lenders, I think the record is very clear that we are helping those who can be helped.

This program highlights a classic pitfall in government. When the program was started in

early 1982, no one really knew, first, how many people would apply and be approved. There was an estimate made of 5,000. To date, that stands at around 3,700 or thereabouts. The estimate that was made at the time was that the cost would be something in the order of \$60 million.

I suppose you would do better, frankly, when you start these programs where you are breaking new ground, to put out \$1 on the budget, knowing full well that you do not know exactly what it is going to cost, your estimates could be high or they could be low, but be clear on the criteria you are going to use, operate your program and draw on the Treasury from time to time as you need it. We did not do that and we never do that, but it is a classic pitfall.

2:20 p.m.

The argument that assistance has been cut in real dollars relative to 1981-82 just does not stand up when you look at the facts. The program, as I said, was designed to meet certain problems, one of which, to a great extent, dissipated by the end of 1982, that being the very high floating interest rates. Even if this program does sunset at midnight, December 31, 1983, we will not really know until the end of December 1984 the true total cost of it, because any guarantees we assume up to the end of December 1983 could be called long after that. The actual eventual cost is very hard to determine at this point.

The member dealt with the matter of the availability of credit. I can only repeat what I have said on a number of occasions. Back in the late winter or early spring there were a number of articles in the agricultural and general media that suggested there would not be as much credit available in 1983 as in 1982 or earlier years. We undertook to visit all the banks, since they do have such a big proportion of the long-term debt; I guess it is around 45 per cent. What we found in those meetings did not in any way, shape or form corroborate what we have been reading in the press.

We found, not surprisingly, they were saying that they were certainly being stricter in their review of all types of loans. They were demanding more information, and demanding more regular information as a matter of fact, on statements of profit and loss, up to date audits and that sort of thing, but they considered agriculture to be still a high priority area for them. They felt agriculture is a sound industry compared to others in Canada and that, if

anything—and now I am speaking in the aggregate—they envisaged more money being made available for agricultural credit in 1983 than in 1982.

I do not think there is any question that the banks and other major institutional lenders can be faulted for the ways in which they dealt with credit, not just to farmers but in general, in this country in the latter part of the 1970s. We have been finding over the last 15 or 16 months as the Ontario farm adjustment assistance program has developed that a great many questionable loans were made.

Again, as I say, I do not think that is exclusive to agriculture; I think that is true of a great many business sectors. There was far too little information exacted from the borrowers. People were far too optimistic and unrealistic. They were, in effect, banking on inflation as a guaranteed hedge or cushion against loss or failure.

When we brought in OFAAP, one of the basic requirements that we have stood by is that every applicant had to bring in a clear statement of what actually happened on that farm in the previous year. It is unfortunate, but true, that for many people that was perhaps the first time it had been done. We demanded—and, again, we have stood by this—a farm plan for the coming year.

We wanted to see what they had actually done the year before and what they proposed to do this year. If what they proposed to do in the coming year did not make any sense—and, in fact, an expression I used in the House a week or two ago was “dug a deeper hole”—then there was no point to extending credit.

In most of those cases, assuming the individual was willing, our people have worked with them to try to develop a farm plan that would be viable, something that could, as the farmers say, pencil out for the year. There have been a great many who have come back to the decision committee for the plan after a more realistic farm plan was developed.

We discussed the question of the preservation of farm land at some length, through questions and answers. If you look at the private bill which Mr. Swart proposed three years ago, and if I can take it that this is the official policy of his party, it is really—

Yes, there was a bill introduced in 1980 entitled An Act to Provide for the Designation and Retention of Food Lands. The bottom line of this bill is really no different from the way the Food Land Guidelines operate. His bill requires

that a municipality would, in effect, be responsible for making the decisions on land that would be developed for other purposes.

The bill calls for the municipality to justify—I am just trying to find the section there. Yes, it says in section 2 that “Every planning authority shall, within two years following the proclamation of this act,” and then under paragraph 2(c), “develop planning criteria primarily designed to promote retention and protection of food lands but which will permit nonagricultural use where justified.”

Really, that is no different from the Food Land Guidelines of the province. Our policy is to retain our farm land, but we recognize that in some cases, where it can be justified, some developments will have to proceed. That is why I made a point of asking him this morning whether he would freeze any land of any kind, anywhere, in perpetuity. His answer was no.

I guess what you get into is one person's judgement versus another's as to whether or not a certain development is appropriate. He mentioned a couple.

For instance, there is the development in Mississauga. It is often referred to as “the hole in the doughnut”: 12,000 acres in the middle of the city of Mississauga. It was proposed for development, and I am not sure whether it was two or three years ago, but it certainly predates my involvement in the ministry.

The evaluation by the staff of the ministry, who are responsible for applying the Food Land Guidelines, was that this was land being totally surrounded by urban development. It no longer had an infrastructure to support agriculture, and could not be farmed in the long run. That was one set of considerations.

On the other side was the record of growth in Mississauga, and there was no reason to believe that this growth would not continue in that municipality. It had continued all around that site.

2:30 p.m.

The position of the ministry at the time was that the need for land and for growth in Mississauga had been proven. There was apparently no other land in Mississauga, let us say of the class five or six categorization, that could be used instead of the prime land. It had to be released, and it was approved.

He also mentioned the Brampton official plan. We are working with our staff in the food land preservation branch to complete our review of that official plan. We will be submitting our

comments to the Minister of Municipal Affairs and Housing (Mr. Bennett).

We are looking very carefully and closely at the growth projections they have made, both in terms of residential development and industrial development, in determining what position we should take. There are four or five distinct parcels of land in the plan.

The honourable member left the impression, I hope not intentionally, that the proposal of the council of Brampton and of the region of Peel was contrary to the views of the planners employed by the city of Brampton. I know of the planners' recommendations on a parcel of land included in the official plan not being accepted, but I do believe it is wrong to leave the impression that the whole proposal of the council of the city of Brampton was contrary to their planners' advice. That is certainly not my impression or information.

On the question of the Niagara official plan, I was glad to see him acknowledge that, as a result of the Food Land Guidelines, the amount of land designated for development in the region of Niagara ended up being substantially less than had originally been proposed by that regional council.

He mentioned one specific parcel of land in Niagara-on-the-Lake, where in our view it could be approved. It was approved for several reasons, one being that a part of that site had been stripped of its topsoil and was being used as a small horse-training track, or something like that. The other part of the site consisted of heavy clay soils, which were of questionable use for grapes and fruit.

There is an individual whose opinion is apparently not in agreement with that, but I am afraid that there are very few issues where you get all the so-called experts of one mind. In that particular case, because of a number of reasons—because the site is bounded by certain highways and roads that would effectively separate it from other lands designated as agricultural; because it consisted of rounding out an area already designated for industry, and because this was significantly less than had originally been proposed—we could not see that we could oppose it.

However, every one of these cases demands an individual judgement. As I say, for whatever reason, he never bothers to point out the cases where the application of the guidelines has resulted in a proposed development either not occurring or being diverted to less productive

land, or being scaled down. I understand it is for his own political purposes that he is always trying to leave the impression that the guidelines are never applied or that it is just development for the sake of development going on all over the province and there is never any check or balance.

In fact, the opposite is the case. I could cite a number of cases—perhaps when he is back next week and we get to that vote, we can get back into that—where the guidelines have been very helpful in controlling development. We are not out to stop development. I would hope that—in the interest of employment and opportunities, both in terms of development and in new businesses and factories around the province—he is not saying that all development should be stopped, I am sure he is not, but I would like him to be a little bit clearer on just how he would do it.

When I look at his own private bill, what he is saying is really not that different from the Food Land Guidelines. He is simply saying that he thinks his judgement, or the judgement of a government of which he would be a part, would be better than ours. That is up to the voters to decide, I guess.

He made a statement this morning—I do not know whether we were able to get any information on it over the lunch hour or not—something to the effect that 15 to 20 or 25 per cent of class one land had been removed from agriculture. The figures I have here deal with improved farm land. What would that be, classes one to four basically?

Mr. Galloway: Yes.

Hon. Mr. Timbrell: Yes, roughly. It shows that from 1931 to 1981 there has been a decline in the amount of improved farm land of about two million acres, in, as I say, roughly classes one to four. In the area of crop land—land actually under cultivation—while there was a dip from 1931 to 1941, and again to 1951 and again to 1961, since 1971 that has been on the increase. Between 1971 and 1981, the amount of crop land in the province actually increased by 1,121,000 acres.

I would like to know the basis for him saying that 15 to 20 to 25 per cent of class one farm land has been taken out of production. I think he has been given by someone—and he is repeating—some very questionable figures. We will have a chance to get into that later on.

Mr. McGuigan: Class one land does not

requires tile drainage does it? It has natural drainage.

Hon. Mr. Timbrell: No impediments.

Mr. McGuigan: There is very little land that does not require some drainage. Really, there is a small amount.

Hon. Mr. Timbrell: All I am trying to point out is that he has used some figures, and I would not want let them stand unchallenged because I do not think they can be substantiated.

A significant statistic is the amount of crop land and the fact that it has increased since 1971 by over a million acres.

Mr. McGuigan: I would not be surprised if it went back to the beginning of the country, because of class one land being a nice place on which to build your house or your road or your town or whatever. Maybe we have used—

Hon. Mr. Timbrell: Quite a bit. Most of our cities, as you know, are built on very good farm land.

Mr. McGuigan: You don't build farm houses in a swamp. You build them where—

Hon. Mr. Timbrell: My own constituency of Don Mills, the northern part of it, at least 30 years ago consisted of some of the best dairy farms in the Golden Horseshoe, but they are no more.

2:40 p.m.

On the question of aggregate extraction, he mentioned three cases of local operators in Niagara seeking permission to expand. Apparently, we now have informal documents on those and will be responding on those to the Ministry of Natural Resources and to the Ministry of Municipal Affairs and Housing.

Those comments will be consistent with the revised Food Land Guidelines on aggregates that were tabled in February. They essentially require that in any case where a licence to extract aggregate is to be approved, in any case where the necessary zoning or official plan designation is to be approved, there be a plan to our satisfaction for the rehabilitation of those lands to agricultural production. Those requirements become much stiffer when we are dealing with specialty crop lands such as those in Cane township, in Niagara and some in Kent-Elgin and elsewhere. There were five areas.

Mr. McGuigan: My farm is right in the middle.

Hon. Mr. Timbrell: Is it? They are not likely going to be taking any gravel off that farm for a long time.

Mr. McGuigan: There is a piece coming up for sale very shortly and you are going to be tested on that one.

Hon. Mr. Timbrell: Sale for someone trying to take aggregate off? Near where?

Mr. McGuigan: Near Cedar Springs.

Hon. Mr. Timbrell: Forewarned, I guess.

Going back to the question of the number of families not in a position to plant crops this spring due to a lack of operating credit, let me say that there is no such thing as an acceptable level of failure in the private community. People will point to the numbers of bankruptcies last year, 176, which was less than three-tenths of one per cent of farms grossing over \$5,000.

I do not think there is an acceptable level. Ideally, there would not be any, yet the figures are always used in such a way as to suggest that if it was half of that, maybe that would be acceptable. The truth is, no level is ever acceptable.

When we met with the Canadian Farmers' Survival Association two weeks ago, we did ask them specifics. At one point, they were talking about something in the order of 500 farmers who lacked credit and therefore were not going to be able to plant. On another occasion they referred to a list of 180 farmers, so we asked for specifics.

With all the names they gave us and all the names we were able to find through further discussions with them and through further inquiries through our county offices and suppliers and the Farm Credit Corp. and every source we could think of—banks included—we came up with a list of 87 names, virtually all of whom were either already on the farm assistance program or had been on it. Some had been turned down in 1982 and/or 1983 for assistance under that program, because of the lack of viability of that farm based on the information provided about what had happened there in the past year and what they proposed to do in the coming year.

The member for Kent-Elgin (Mr. McGuigan) questioned me on this at some length last week. I hope he would appreciate that the people responsible for making these decisions do take into account, first, all of the hard evidence in front of them and then the best judgement of the people involved about what is going to happen to the price of corn, what is going to happen to the price of soybeans, what is likely to be the return on cattle in the last quarter or half of 1983, all of these things, all of which, as the

member knows very well, is strictly a matter of judgement.

I must say I am well satisfied with the people we have on the provincial decision committee under the chairmanship of Mr. Hutton. They are all well-qualified people. I do not think they are being unfair or unrealistic. Perhaps in a number of cases they have erred significantly on the side of the farmer and taken a number of risks. That is the point of the program, not the total point. The point is that under the program we can take some reasonable risks.

In many of these cases, the names of which were supplied to us, the decision committee just could not in good conscience recommend them from the plans as submitted. In other cases they are technically, if not legally, out of business, and because of the basis of the program cannot be looked at.

My deputy had a meeting with the farm survival association down near London about five weeks ago, around April 20 or April 21, at which time they originally proposed their idea. We discussed it for a couple of days and on April 26 we wrote back to the president of the farm survival association.

It might be worth while to read that letter into the record as well since the other one is already in it. This letter of April 26 was to Mr. Tom Shoebottom, the vice-president of the Canadian Farmers' Survival Association. The letter was sent over the signature of Mrs. Bardecki, who is in charge of the farm assistance programs. The letter reads as follows:

"Dear Mr. Shoebottom:

"I enjoyed having the opportunity to meet with you and the members of the farmers' survival association in Park Hill on April 21, 1983.

"As I indicated I would, I discussed your plan for special operating credit guarantee certificates with the Honourable Dennis Timbrell.

"We have looked at the overall situation of availability of agricultural credit. We have also noted the federal budget and the additional amount available for dire-straits funding. It is within this context that we have reviewed your proposals.

"As you are aware, the Ontario farm adjustment assistance program does provide guarantees on operating credit for producers who meet certain financial and viability criteria. None the less, it is recognized that some potentially viable cases may be ineligible because of low equity. In this regard, we have had discussions with Farm Credit Corp. officials concerning operating credit

for dire-straits cases where they are considering the provision of mortgages of close to 100 per cent. We have agreed that we will assist in finding a bank to provide operating credit and will, where appropriate, provide the necessary guarantee through OFAAP. Similarly, when cases come to OFAAP where it appears that long-term refinancing through FCC at the special rates is in order, we will initiate discussions with FCC.

"The prime consideration in all of these cases is viability. That is, it is not the intention of the ministry to provide support when the operation itself is not viable.

"While we are making every effort to assist in availability of credit through OFAAP, there will be no consideration of special guarantee certificates or of five per cent interest rebates.

"We will undertake to look at every individual case that is brought to our attention with regard to credit availability." Actually, Mr. Allan signed this letter as well. "I have instructed Nancy Bardecki, general manager of OFAAP, to review any cases which you feel warrant special attention. I feel that these measures will go a long way to ensuring that potentially viable farmers get the needed credit."

2:50 p.m.

At this point I want to make a further point. I have repeatedly, any time the matter of credit has come up, urged members to give me specifics. On one or two occasions where cases have come to his attention, Mr. McGuigan has. I wish the member for Welland-Thorold were here because I do not like to say this in his absence, but to the best of my recollection, in the 16 months I have been Minister of Agriculture and Food, I have never had a single case brought to my attention by that member of an individual farmer who was having difficulty with his operating credit, and that disappoints me.

I keep hearing and reading about these broad statements he makes about farm credit. We hear statements that there are 500 who cannot get credit and when we check into it we are talking about 87, most of whom we have either helped or have good reasons not to help. Our concern for the individual farmer is no less, and I would certainly not presume to say it is any more, than that of any other member of this committee or of the Legislature. We feel we have to have a standard by which to review any cases that come to us and then do everything we can where we can help to assist.

In many cases that has involved the ministry officials, including the deputy minister, sitting

down with banks and lenders to hammer out new arrangements that will give them a new lease on life, but in some cases we have to say we cannot help, there is nothing more we can do. That is something I have heard just about every member say. No one likes to say it, but there we are.

One other thing before I leave the member for Welland-Thorold, he likes to refer to Bill C-653, which is currently before the federal Parliament, as a moratorium. It is not a moratorium. Even the author of the bill, Mr. Ferguson, I believe has on several occasions clarified that it is not a moratorium. In some cases it is a proposal for a way of delaying, of restructuring debt, but not a moratorium.

The term "moratorium" gives you an impression which is quite misleading; different from what even the author of the bill intended. That bill is presently before a parliamentary committee. A lot of amendments to it have been proposed. It will come out of committee in what shape or form, no one knows; that remains to be seen, but I wanted to deal with that point.

Mr. Riddell started off last week by asking why a farmer in Huron county could not get reimbursed for trapping wolves, suggesting that if he lived in Middlesex he would have been. We checked into this, and I am pleased to say the problem was not with my ministry. We are not involved—and I did not think we were—in payment for trapping wolves.

The Ministry of Natural Resources does provide for trapping of dangerous or nuisance animals. In this particular case—I will not mention the farmer's name—he was encouraged by the Kilworth office of the Ministry of Natural Resources to contact a private trapper and to get him to trap the wolves that had killed his animals. I think he had sheep.

This trapper's bill was sent to the Kilworth office of the Ministry of Natural Resources which, in turn, realized that the farm was in Huron. They sent the bill to the Wingham office of Natural Resources, so that the appropriate county office would deal with it.

The Wingham office of Natural Resources had no money left in its budget for this sort of thing. However, it has been straightened out since then. The Wingham office is straightening it out with the farmer in question. As I say, the good news is that it was not my ministry, and the bad news is that it was a mixup which apparently has been straightened out.

Mr. Riddell asked about the delays, and reasons for the delays, in certain appointments

of staff in Middlesex. The announcement of the retirement of the former agricultural representative, Mr. Forsythe, came at a time when the reorganization of the ag-reps' branch and the restructuring of the new rural organization services branch had not been completed.

That is part of the reason for the delay. The other part was a desire to conduct a meaningful competition within the ministry, to give everyone who was interested in the position a chance to apply.

At the conclusion of that competition, Mr. Agar was named the ag rep for Middlesex county. In fact, as it turned out, another of the applicants who ranked very highly was named, at the same time, to be the new ag rep in Elgin county. At the same time, we had decided to move the ag rep from St. Thomas down to Kingston as one of our regional farm management specialists. It has worked out fairly well.

The people in Middlesex are certainly happy with their new ag rep, who had been their associate prior to that. The people in Elgin are happy with their new ag rep, who is, I believe, a native of Elgin county, if I am not mistaken. Is not Dave Murray a native of Elgin?

Dr. Rennie: Yes.

Hon. Mr. Timbrell: And John Anderson has moved down to Kingston.

Mr. McGuigan: John Anderson was certainly a crackerjack, because I used to work with—

Hon. Mr. Timbrell: I think you will be pleased with the new fellow. He was on the staff at Ridgetown as a beef specialist.

Mr. Riddell was suggesting that farmers with zero equity should be eligible for Ontario farm adjustment assistance program guarantees. In fact, as I said, farmers with as low as zero per cent equity are eligible if they are considered to be above average managers.

In those cases, we do require a letter from the farmer's lender, or from the local ag rep, testifying to that farmer's management ability, before the committee will consider an application where there is less than 10 per cent equity.

Last year we did—I forget, was it 60? In 1982 I think about 60 cases were approved for assistance where they had less than 10 per cent equity. So far this year there have been 14 cases. But percentage-wise there are more being approved this year below 10 per cent equity than last.

I was going to mention one other point that Mr. Swart made this morning. I am not sure whether Mr. Riddell made the same one. He was

suggesting that in the 1983 OFAAP, the way the program is established is more in the interest of the banks.

I cannot accept that at all. In 1982, under the guarantees, we were on the hook for 100 per cent. After they had realized on all the assets in any case where they had foreclosed, we were on the hook then, potentially, for 100 per cent of the guarantee.

3 p.m.

That is split this year. We have insisted with the lenders that, because this is a joint program, the potential liability has to be shared. On renewed cases, we agreed to 100 per cent of the approved amounts of operating credit. On the total portfolio, with any given lender-participant in the program, we will cover 50 per cent. In other words, the lenders are on the hook for the first 50 per cent. On new applications, we will cover 75 per cent.

Just to take a hypothetical case, if a case is approved at \$100,000, we are guaranteeing that \$100,000. The farmer gets access to \$100,000 in operating credit. If that \$100,000 is part of a bigger portfolio, which may be, for argument's sake, \$10 million, if that \$10 million is all renewals from 1982 we will guarantee half a million dollars.

In other words, the lender in question is on the hook for the first half million dollars. It is a shared risk between the lenders and the province. The amount of risk to the province is higher on new cases.

There was one point last week in the exchange—Mr. Riddell was taking exception to something he thought Mr. Doyle had said about the question of the preservation of farm land, and returns to farmers. I hope my response at that time was adequate. I just want to reiterate the point that we believe that preservation of farm land has to go hand in hand with a commitment to effective marketing of what is produced on that land here in Ontario and Canada and in overseas markets.

For instance, through the tile drainage program we see the drainage of about 200,000 acres a year improved, thereby improving the land's productivity. I think it is fair to ask yourself, if you are going to do that, if you not also have to do everything possible to make sure that increased productivity can be marketed? Otherwise, you are doing that farmer no favour. I think most would accept the logic of that.

Mr. McGuigan: If I can answer that, I think we are looking at it in this way: you often hear

people say that if you cannot make the equivalent off that land as you could if it were put to some other use—industrial, high-rises, parking lots or whatever—then the land should go.

Very seldom can agriculture ever expect to compete with other potential uses. If we followed that alone, eventually we would reach a point where there was no farm land. I think, in the context of what you are saying—well, maybe that's—

Hon. Mr. Timbrell: I agree with you. That is common sense. I do not think that was what was at issue last week with what Mr. Riddell was saying, but at any rate, I hope I have covered that.

Mr. Riddell also dealt with the matter of numbers of bankruptcies. As I said, there is no acceptable level.

I think it has to be said, though, that the incidence of failure among farmers is much lower than in most other sectors of the economy, although it does tend to attract more media attention than anything else because of what Mr. Swart mentioned this morning—the emotional attachment, the great difference that does exist between a farm enterprise and, you name it, a shoe store or some other type of small commercial, manufacturing or service business. They are quite different categories, but the incidence of failure is much lower. The incidence of business failure among farmers is one of the lowest, if not the lowest, of any sector in the economy, even at the current rates, which we all agree are too high.

Mr. Riddell was dealing with a comparison between 1983 projected net farm incomes and 1981. I think I dealt with that this morning, but just for the record again, Statistics Canada indicates that in 1981 net farm incomes in Ontario were \$840 million; in 1982, \$822 million, which was a decline of just slightly in excess of two per cent, not 14 per cent, as Mr. Swart mentioned this morning. They are projecting \$870 million in 1983. One would hope that their estimate—at this point it is just that; an estimate—is low, but that remains to be seen.

Mr. Riddell also alleged that the budget office promised \$35 million less than last year. He is right and he is wrong. We get into this argument about base budget versus actual spending.

I suppose that if they want to be particularly nasty in the Treasury, every time we come along with an emergency, like the August 28-29 frost, and say we need extra money to compensate the crop insurance fund to cover tobacco claims, they can say, "Fine, you can do it, but find it

within your existing allocation." They did not do that. Sure, there were other parts of the budget last year that were underspent relative to what had been projected, but that is one case where we overspent by a considerable amount, compared to what had been budgeted.

Another example, I suppose, would be the farmstead improvement program, which was announced in the May 1982 budget, with a projected expenditure of \$5 million. We ended up spending in excess of \$13 million.

I never hear those examples when opposition critics are dealing with our budget. They always point to the ones where we spent less than what had been budgeted, but never to the ones where we spent considerably more. The net figures in the last two years for actual expenditures have been well in excess of the budgeted figures.

The base budget this year is greater—

Mr. McGuigan: Opposition members do not hear when they contribute positively to policy, either.

Hon. Mr. Timbrell: I do not know, I think I have been known to give credit where credit is due from time to time. I am one of those who believes life is too short to spend your whole time in partisan warfare.

Mr. Riddell got on to the question—numerous times—of the need for a broad outline of long-term strategies for agriculture. I concur with that. Going back to last year, following the decision to reorganize the ministry, we followed quite an intensive examination of what we were doing, what we needed to do, what resources we had, how we could match up what we wanted to do with the resources available in terms of numbers of people and dollars. Every organization had to be carried out within the limits of the numbers of people and of the dollars available.

We published a document called, "Mandate for the 80s," which gives a broad outline of our priorities and directions. I would argue that a number of the things we have done since then are not only consistent with that document, "Mandate for the 80s," but constitute long-term strategies for agriculture.

One is our emphasis on our efforts to achieve an income stabilization program, a tripartite program covering all commodities that are not under supply management.

3:10 p.m.

Another strategy would be our efforts with respect to beginning farmers' assistance.

Yet another would be our efforts with respect to the feather boards; the work that we put into

developing what I think was a very good presentation to the national signatories' meeting a couple of weeks ago, which had a very salutary effect in getting some commitments out of the federal government as to how, in future, they are going to deal with these boards so our producers can get a better shake out of the operation of those national agencies.

Another would be the work that is done on marketing. That is a long-term strategy to improve our domestic market, to hold on to existing foreign markets and search out and capitalize on other potential foreign markets; that is long term.

There is our work with respect to research and education: whether it be improvements to the colleges, a number of which we have announced in the last year; our work with respect to the Ontario Veterinary College and the commitments we have made there; and what we are asking the federal government to do. All of these things are in fact long-term strategies in aid of agriculture.

With respect to my friend, the member for Huron-Middlesex, they are there; the broad strokes are outlined in that document and the policies we have been putting in place over the last 15 to 16 months, I would argue, are the essence of that long-term strategy.

Mr. Riddell questioned the amount of money being spent on crop insurance. Just to give you some figures, last year there were 8,181 claims under the Canada-Ontario crop insurance program totalling \$74.1 million, which money of course went to hard-pressed farmers who had suffered weather losses—and the bulk of that, again, was for tobacco. This program is broadly supported; more so on some commodities, like tobacco, than on others.

The point is that the money was available when it was needed in 1982. If we had to go strictly on the amount of money in the fund, then a lot of claims would not have been paid. The provincial cabinet was willing to approve lending significant amounts of money to the crop insurance commission in order to meet those obligations.

Mr. McGuigan: I am glad you use the word "lending" because you will be paid back—a good deal of that money, anyway.

Hon. Mr. Timbrell: It is not quite the same as just another loan. These are costs to the government. The government has either to borrow these funds or take them out of some other program.

Mr. McGuigan: The point is it is not free money to the growers; the growers will pay that back in premiums over the years.

Hon. Mr. Timbrell: That is not free money to the government. Also, of course, I am sure you are well aware that because it is a joint program the federal government pays half of the premiums, the growers pay the other half and the province makes up all of the administrative costs.

Mr. McGuigan: That is a good buy.

Hon. Mr. Timbrell: It is a good buy.

The next question I wanted to deal with was the matter of money spent on tile drainage. Last year we hit our base budget at about \$30 million, to which the Treasurer (Mr. F. S. Miller) added \$6 million in his May 1982 budget. Our actual expenditures ended up at about \$29.3 million, which, with the exception of a couple of small allocations that were mixed up because of the delays in the debenture bylaws being passed by the local councils, covered all of the demand we had from the municipalities in 1982.

On the face of it, one could argue that while we had \$36 million and we only spent—a lot of people talk about \$30 million as "only" \$30 million, but that is an awful lot of taxpayer's money. But anyway, at the same time as we had the extra \$6 million in the May 1982 budget for tile drainage—which admittedly we did not spend on tile drainage, because the demand did not come in for it—we were, again I remind you, assigned \$5 million for farmstead improvement and actually spent \$13 million.

So if you want to take those two programs, the net ended up being \$2 million more than had been budgeted, even with the extra assistance provided in the May 1982 budget.

Now, prior to 1982—

Mr. McGuigan: Was that a farm program or was that a labour program?

Hon. Mr. Timbrell: The primary objective was to generate short-term employment in the rural areas. It was part of a much broader program aimed at short-term employment throughout Ontario, but this is one way to do it in the rural areas—

Mr. McGuigan: Minister, to be fair about it, you would have to split that money into the part that would be a farm program, because the farmer had his barn painted, and the part that comes from the fact that the farmer, or his family, could not paint it and had to hire help. There was a portion of that, a good portion, that

was really a help to labour; and I am not kicking about that.

Hon. Mr. Timbrell: The \$13 million did not cover materials. The total expenditures, in fact, for all the projects—I will give you that as I think it is quite interesting.

Now, we paid out grants of \$13,334,559.28, as against a budget of \$5 million, so basically you could say we took out that \$6 million we underspent, plus some more.

Mr. Ruston: And that was strictly for labour only, wasn't it? Didn't the owner have to pay for material, and—

Hon. Mr. Timbrell: That generated 194,579 days of work.

Mr. Ruston: I do not know what some of them spent, but I know my nephew spent \$800 for labour and \$1,600 for materials.

Hon. Mr. Timbrell: There was another chart here, but it seems to me that the total value of all the projects, labour and materials included, was something in the order of \$37 million, wasn't it?

Mr. Ruston: Sounds pretty close.

Hon. Mr. Timbrell: Oh, I beg your pardon, it was \$35 million. The total project cost was \$35,103,462, of which we paid \$13.3 million.

I know in talking to the member for Huron-Middlesex late last summer or early last fall he was saying how much difficulty he was having getting steel to redo a roof at his own farm, because when he went to the suppliers they said that as a result of the farmstead improvement program, there was so much activity in the area—

Mr. McGuigan: It stimulated it.

Hon. Mr. Timbrell: I think it had a number of beneficial effects, obviously in terms of short-term employment for a lot of people. It kept a number of small contractors going—I certainly hear repeatedly around the province that except for the program they would have been out of business—with the number of people therefore on the rolls, and helped a number of local suppliers of building materials and supplies, so—

3:20 p.m.

Mr. McGuigan: You are not considering it for this year?

Hon. Mr. Timbrell: I think if the Treasurer had a little spare change around, we could get the program going and pretty darned quickly; it was very well utilized.

Mr. Ruston: Sell Suncor.

Hon. Mr. Timbrell: The interesting thing was that it tended to be greatest in the counties that one hears so often referred to as being very depressed. The activity in Grey and Bruce and Huron counties has been very high.

Going back to tile drainage, under the act, the maximum extent to which the province can participate in any project is 75 per cent. In fact, up to 1982, the exact level of participation varied greatly from township to township. In some townships, the local councils were selling debentures based on covering 75 per cent of the cost of work of approved farmers. In other cases, though, where they decided to spread the money far and wide, it was as low as in the low 30s. The average amount was around 61 or 62 per cent.

So last year and this year, in trying to bring some consistency to the program across the province, we recommended that they go at 60 per cent. Notwithstanding that the act does say that the maximum amount is 75, we are encouraging everybody to go at 60. There were some last year who still were spreading the money further, so I am told, by going at less than 60 per cent. Were there many?

Mr. Ediger: Not too many; there were some.

Hon. Mr. Timbrell: There were some, but not many.

Mr. Riddell was asking why a financial advisory body had not been established to act as an ombudsman between creditors and farmers. I would have to argue that the ministry staff, particularly because of the farm assistance program, have been filling this role. More recently, over the winter, the Ontario Federation of Agriculture and the Christian Farmers Association, separately, sent in proposals to develop advisory services through those organizations to work with individuals.

When I saw those I was a little bit concerned, because it seemed to me that we were running the risk of duplicating some work that already is done or could be done through staff of the Ministry of Agriculture and Food in our local offices. To avoid that, I asked the representatives of the two federations to come in and proposed to them that they work together and not separately. They have agreed to do that.

We indicated that we were prepared to work with them, basically to develop a system using volunteers from the agricultural community, to work with individual farmers who are in difficulty, in doing a complete analysis of their farming operation; what it is, why it is in the state that it

is and what can be done to pull it out of its current problem.

Following our meeting with the two federations, the thought occurred to us that it would be helpful to have accountants involved, so we contacted the Institute of Chartered Accountants of Ontario. I met with members of their board several months ago and they have agreed to come up with names of people who are prepared to volunteer their services to work on this basis. Our staff in the ministry will be involved.

The intention is to work with individual farmers—just as we have over a lengthy period of time—to try to help them to reconstitute a viable farm business enterprise. In fact, we are already doing what Mr. Riddell had in mind. The federations will soon be distributing pamphlets far and wide that will explain to all farmers what service is available.

I have agreed to allocate some money from my budget to cover the incidental out-of-pocket expenses of these volunteers, whether it be meals or, in some cases, they may have to travel fairly lengthy distances or stay overnight. It will be a co-operative venture of the two federations and the government. As recently as yesterday, the Canadian Cattlemen's Association expressed interest in being involved in that kind of a co-operative venture.

Mr. McGuigan: I spoke to some farmers on Friday who have met with this committee. I am wondering if they are not taking on more than they can really chew from the number of people they have to meet. There is only a limited number of people who are really good at this job. I think it is a great thing, but I just wonder how long they will be able to carry on.

Hon. Mr. Timbrell: It remains to be seen. It will depend on the number of people who are prepared to volunteer their time and they will have to be screened. The federation is doing it as well. You may have all kinds of willing people, but if they are not appropriate to the task at hand then you are not doing anyone any favour by throwing them into a situation they cannot handle.

The point I wanted to emphasize was, first, that the staff of the ministry are available and do work, on a regular basis, with individual farmers on their problems. I am happy to see the two federations prepared to enlist the support of their members on a voluntary basis. I think that can only be to the good, as long as we all work together and we do not have a couple of federations and the ministry and various pro-

ducer associations running off in 27 different directions at once. That would, I think, be quite counterproductive.

Mr. Riddell was arguing the need for capital grant money for modernization of buildings, equipment, energy development and other projects to increase efficiency. I just want to put on the record, to remind him, three examples of where we are taking action to provide capital assistance for the modernization and the adoption of sound progressive production and marketing practices.

The first example would be the Ontario soil conservation and environmental protection assistance program. That is a five-year program to which we have committed \$25.5 million to provide capital grants for on-farm erosion control projects and for manure storage facilities. Of that sum, \$3.5 million is budgeted for 1983-84.

The second would be the Ontario greenhouse energy efficiency program. This is also a five-year program to upgrade the energy efficiency in existing greenhouses. The budget allocation for that in 1983-84 is \$1 million, half of which is coming from OMAF and half from the Ministry of Energy.

Third, there is the Ontario storage and packing assistance program for fruits and vegetables. The total funding for that, through the Board of Industrial Leadership and Development, over five years beginning in 1981 and running to the end of March 1986, is \$20 million. Of that amount, to date we have committed about \$6 million.

3:30 p.m.

Mr. Riddell asked why there was no mention of import substitution with respect to our current imports of food. With respect, I hardly ever miss an opportunity to talk about import substitution. In recent years, I think we have had some measure of success in reducing our imports. In 1982 alone, there was a 6.5 per cent drop from 1981 in our food imports while we were able to hold our own on our exports. It was a very difficult year on the international markets and I think we did well just to hold our own at \$1.6 billion.

The imports still exceed exports, although last year they were at \$2.3 billion. As I say, it was down 6.5 per cent from the year before. We believe that between 40 and 45 per cent of what we import could eventually be displaced, but that is going to take quite a continuing effort both with respect to straight marketing, whether it be the Foodland Ontario program here at home or trade missions.

It also involves assisting growers with things like their storage and packing facilities. It involves processing facilities, whether it is an H. J. Heinz Co. of Canada Ltd. tomato paste operation at Leamington or a Canada Packers Inc. crushing plant at Hamilton or whatever.

Our long-range goal is clear, to displace as much as possible of what we import. The 45 per cent of what we do import is worth over \$1 billion. To the extent that we are successful in eating away at that, that will make quite a marked improvement in the balance of trade in food in the province.

Mr. McGuigan: Is the target \$200 million?

Hon. Mr. Timbrell: No, 1982 imports were \$2.3 billion.

Mr. McGuigan: What is your target for replacement? I think you have a target for replacement of something like \$200 million.

Hon. Mr. Timbrell: That would cover much of what we have already initiated with respect to tomato paste and strawberries and that sort of thing.

Mr. Ruston: Could I ask something with regard to this matter? I can recall going back a few years ago talking about this very thing; tomato paste and the amount of imports. I think what you are doing is rather good. I might do it a little differently, but what bothers me in the case of H. J. Heinz Co. of Canada Ltd., for instance, is that they got \$3 million and they are spending \$12 million or whatever—

Hon. Mr. Timbrell: A total of \$15 million.

Mr. Ruston: Yes, \$15 million total, and they are going to increase their acreage. The problem I am having is that of those who have large tomato contracts of 50 to 75 or 100 acres, I have not been able to find one new grower who will grow tomatoes as a result of Heinz's increased acreage.

I can see farms that are having problems with cash cropping, for instance, whereas with the tomato contract—I can go back a few years ago to when I grew them myself or when my brother grew them. On a 160-acre farm, if he grew 10 acres of tomatoes, he could get almost 25 to 30 per cent of his income on tomatoes. That was enough to make his operation quite viable.

The problem is there are no 25-acre contracts now. They are going to the 100-acre contracts. That is with the machine picking, which you have to have, I guess. If you are going to invest \$130,000 in a picker, you need 100 acres to make it pay. I do not know whether there is any answer.

When I talked to people at Primo Foods Ltd., I think Mr. Fitler said they were hoping they could increase some of their acreage to the 20-acre operations, so the small farmer who could hand pick them would then be in business. As much as we cannot stop modernization and new machinery and everything, the amount of money that picking tomatoes puts into a community is just unbelievable.

We have had tomatoes in Essex county for years and years. From August to September, people moved in from Quebec, off shore and all over to pick them. In our own area, most of the pickers were from Quebec, Newfoundland and places like that.

I do not know if there are any answers to it. I guess Heinz feels the machine is what they want. They can go out and pick them at once and they are all harvested; it is good for those who are harvesting. They do have real problems in a really wet year with the machines; they have had some terrible times with them.

I do not know whether we should be looking at trying to sustain the farms we have now. There are farm operations of 100 or 200 acres. If some of them could get a tomato contract for 25 acres, those farms would be very viable units. I am not sure what we can do about that.

If governments are going to get involved in giving money away—and that is what it is. If I were running the country as a dictator, I would loan the money out at a low interest rate and I could then put all that money into circulation.

A small tomato operator in the area came to me a couple of months ago with the problem that he wanted access to some of this money. They can give Heinz \$3 million and another one \$1.25 million—and he is near to the one that had \$1.25 million—but he says: "I do not want the money given to me. If you can lend it to me at a rate of maybe eight per cent or something and maybe one year of low interest and from then on prime or maybe one or two less than prime, I can pay it back and run my operation."

He is a small "c" conservative, I suppose, but you fellows are straight—well, I will not say. I will compare Mr. Davis and Mr. Stephen Lewis as buddies as far as the left wing goes, but I do not think you are.

Mr. Samis: Where is he?

Mr. Ruston: I am not sure where—

Mr. Samis: To the right of David Crombie?

Mr. Ruston: If governments are going to give away money, I do not know how we can help keep that farm in the 200-acre bracket or 150 or

whatever it might be a viable unit. We are not helping them now.

I have looked into this a fair amount and I cannot find one new grower. We give Heinz \$3 million. We are going to stop some imports—we hope—and that is good. I would have hoped there would have been some help for the general farming community out there. I do not see any help whatsoever for the farming community that is still looking for some other alternative.

Hon. Mr. Timbrell: First, they are not all grants. They are grants in the case of the two you referred to, but as far as the overall program is concerned, in some cases we give loans and sometimes—

Mr. Ruston: Yes, Ontario Development Corp.

Hon. Mr. Timbrell: No, even through the Board of Industrial Leadership and Development. Sometimes it is a loan and sometimes it is a grant, depending on the individual circumstances, the numbers, how they break out and what seems to be the best way to get certain things done.

In the case of the Primo and the Heinz projects, we did not specify where they had to get the acreage; whether it had to be mechanically harvested or manually harvested. We did specify the amount of additional acreage of tomatoes that had to be committed to the project. It was left to them as a business decision, depending on the local growers and the sources available to them.

I know what you are getting at. I was in your riding a week ago tonight speaking to two young brothers, Robert and Nelson—I cannot remember their last name—who have a dairy farm. One of them works it with his father and the other works off the farm. They were saying they would like to—not unlike you were saying—plant 10 or 15 acres of tomatoes. They had been talking with Primo and they had not been able to get a contract from them.

I think to the extent that it is possible to make the vegetable industry that much stronger and more attractive and displace imports, there will be more opportunities. I would be loath to start dictating in every respect how people are going to do business.

3:40 p.m.

Mr. Ruston: I can agree with you completely, except when you take public funds. Then you have to look at the broader spectrum.

Hon. Mr. Timbrell: We did specify the amount of imports to be displaced. We specified the

amount of acreage to be increased, we had a requirement in there with respect to the use of Canadian technology, and if they could not get the technology in Canada, they had to come to us to prove it and get a waiver.

For the evaporators that both Primo and Heinz had to buy, the only place they could get them was in Italy. In both cases they had to come back and I had to sign it off. They had to prove they could not get them here.

We have already specified quite a bit and the question is just how far you go in dictating their business decisions.

I was glad Mr. Riddell touched on the question of northern agricultural programs. I was happy that he and Mr. Van Horne, the critic of the official opposition for Northern Affairs, were both able to attend the conference on the northern Ontario clay belts held in Kapuskasing on Monday of this week.

That conference, by the way, was on the initiative of the member for Cochrane North, Mr. Piché. He came to me some months ago with this idea of holding a conference. We thought it was a good idea, so went ahead with it. Really, it was quite a success. I think we had about—I am a bad judge of numbers—but I would say we probably had about 80 or 90 people there drawn from quite a broad area on the large and small clay belts of northeastern Ontario.

We described to them a number of the programs that are already in place for assistance to northern agriculture, particularly the northern Ontario rural development agreement, which is a joint federal-provincial program; our livestock transportation assistance program; the veterinary assistance program in designated areas; the northern agricultural resource centre; the northern agricultural development grants; and the work we have been doing at New Liskeard College of Agricultural Technology and improving that facility.

At the college—just in my time as minister—we have opened a new beef performance test station, we have opened the new students' residence, opened a new dairy barn just a couple of weeks ago and announced that we are going to build a \$3-million education building on the campus, with classrooms, library, resource centre, offices and the like, and a \$1-million facility for seed potatoes at that college. We think that ultimately could lead to as much as \$800,000 a year more producer income, just in northern Ontario alone. That facility can even-

tually be used for the development of other crops for northern Ontario.

I think it was a good meeting and we got some good feedback and suggestions of the kinds of things they will need to continue the development of agriculture in northern Ontario.

Mr. Riddell referred to the government's goal—as expressed a couple of years ago—to improve a million acres in eastern and northern Ontario. Starting in 1982, we have given priority to the east and to the north in the tile drainage debenture allocations. In most years, we have been able to purchase all of the debentures offered from those areas. Last year, I think maybe one of the two municipalities had some problem with their borrowing bylaw—it might have been in the east—but otherwise, we bought everything they offered.

Then there is the northern Ontario rural development agreement under which farmers are eligible for assistance on land clearing and tile drainage. So far, under NORDA, money has been allocated to projects which will clear approximately 26,000 acres and tile drain about 2,600 acres. That is over and above anything done under the tile drainage program.

Similarly, in eastern Ontario there has been substantial improvement because of federal-provincial agreements. On the South Nation River project, an additional one-third grant was paid for the construction of some municipal drains.

Mr. Riddell was asking—when we were talking about the Ontario Veterinary College, and then when I dealt again earlier today with our position with respect to OVC—why a Canadian institution would be governed by the American Veterinary Medical Association.

In North America, the AVMA administers the accreditation process for all veterinary faculties on the continent. In the case of OVC, a representative of the Canadian Veterinary Medical Association and a representative of the Ontario Veterinary Medical Association were part of the accreditation team. So, Canadians did have input into that process.

Mr. Riddell alleged that the recent five per cent increase in Ontario health insurance plan premiums would cost farm families \$2.67 million more per year. This appears to be a highly suspect, crude estimate. Apparently, he was taking the number of family farms times \$2.70 a month and coming out to \$2.67 million.

First, many farms are operated by persons who have off-farm employment, in some cases full time, where the employer pays all or part of

the OHIP premiums, so that would not be part of that figure. Many farms have full-time working spouses, whose employers make contributions, in some cases to 100 per cent of the cost of OHIP. I am thinking of a great many family farms where the wife is a teacher or a nurse, or works in a local—

Mr. McGuigan: It is the only way we can survive, Dennis.

Hon. Mr. Timbrell: I am not arguing that, but the point is, in those cases, the school board or the hospital will be paying OHIP premiums for the family, through the individual employee's benefits package, so just to use those examples alone would make the figure he used last week very suspect.

Also, there will be many farms, particularly in eastern and northern Ontario, where they would qualify for partial or total premium assistance, depending on their taxable income situation.

Mr. Riddell was talking about the per capita expenditures by certain provinces on agriculture. He is quite right that a number of provinces spend more on agriculture on a per farm basis. It has to be said that there are three or four that spend less than we do including, interestingly enough, the province of Saskatchewan. As far as agriculture is concerned, it is hardly what you call an insignificant participant in the agricultural industry of this country.

Mr. McGuigan: The character of the agriculture is different.

Hon. Mr. Timbrell: I know, but it has been tempting to make the argument that we are pikers compared to others because we are not spending as much on a per farm basis. Saskatchewan, whose economy is probably much more dependent on agriculture than ours, spends less. The figures my staff have pulled together are based on 1982-83 budgets, and our per farm expenditure was in the order of \$3,500. In Saskatchewan it was \$1,330.

3:50 p.m.

Admittedly, there was quite a gap between what we spent and the highest. In Newfoundland they spent \$12,500 per farm, but I would remind you that if you look at the provinces that spend more than we do on a per farm basis, in Ontario we are contributing a very significant proportion of that money. I do not know, for instance, in the case of Newfoundland, what proportion of their government revenue would be in equalization payments. Is it 40 per cent or two thirds? Would it be that high?

Interjection: Forty per cent.

Hon. Mr. Timbrell: Forty per cent of what they receive in equalization payments is being paid for by the taxpayers of Ontario. We do not get equalization payments. In effect, we pay them.

Mr. McGuigan: It would be nice to have an opting out privilege. You could give me the \$12,000 and leave me out of all your other programs.

Hon. Mr. Timbrell: That is true. Let me decide for myself.

Mr. McGuigan: I would go for that.

Hon. Mr. Timbrell: Wouldn't we all?

The other thing that has to be said is that overall—not looking at just agriculture—we are the lowest spending government in the country. That is not by accident. We worked hard to get to the point where for all services we spend the least per capita of any of the provinces. I do not think that has changed with the latest round of 1983 budgets. If it has, it has changed only marginally.

People say, "What about Quebec? They do this and they do that." I say, "All right, fine, let us just start comparing the taxes if nothing else." Personal income tax rate in Quebec is 20 to 25 per cent higher than in Ontario. Gasoline taxes are much higher. Their sales tax is two or three points higher than ours. The retail sales tax in Quebec is 10 per cent; ours is seven.

Mr. Samis: No OHIP premiums to farmers available.

Hon. Mr. Timbrell: I would suggest to you that if you looked at the number of farmers who are getting premium assistance in Ontario, the numbers are considerable.

Mr. Samis: Still, no Quebec farmer is paying OHIP premium; you cannot say that about Ontario.

Hon. Mr. Timbrell: That is true, but he pays much higher taxes for everything else. I am not sure what portion of the revenue of the government of Quebec would be in transfer payments.

Interjection: About 15 per cent.

Hon. Mr. Timbrell: Then we pay 40 per cent of that. So about six per cent of the revenue in the government of Quebec is, in fact, being paid by the Ontario taxpayer, which is not to point fingers. That is part of what makes this country work.

The other thing that has to be said is that the analysis that has been done by Mr. Riddell's staff of our budget does not include other agricultural expenditures such as money for

food processing, food and vegetable storage, whey processing, the farm machinery and food processing technology centre, the seed potato upgrading and distribution unit, the new budget allocations for capital acceleration projects, where in agriculture we got over \$8 million of that fund. Again—I have had to say it from time to time when it has been necessary—the government has put out extra money for emergency programs, whether it be beef cattle assistance in 1981 or crop insurance emergencies in 1980 and 1982. It remains to be seen if it happens this year.

Mr. Riddell was making the argument that 3.8 per cent of the gross provincial product comes from agriculture and 4.5 per cent of the population lives on farms—I think that figure is high, actually—yet we have 1.2 per cent of the provincial budget spent on agriculture.

Again, the argument has to be made that if you consider that about two thirds of the provincial budget is going for health, social services and education, which is for all the people, and if you spread the amount of those budgets across the population, then when you take those amounts and add the amount being spent specifically on agriculture, which remains the only industry in the province that has its own ministry, it is probably fairly close to a balance between the amount generated for or contributed to the gross provincial product and the amount spent by government on the agricultural community, if you take that all together.

The Acting Chairman (Mr. J. M. Johnson): Are you suggesting that farmers benefit from health and education?

Hon. Mr. Timbrell: They have been known to.

The Acting Chairman: Sometimes when people look at the budget and zero in on it, anything that does not affect a particular group means they did not receive anything. I have always felt, as does the minister, that all people benefit from all parts of the budget.

Mr. Samis: Are farmers going to Minaki Lodge?

The Acting Chairman: No.

Mr. Samis: You do not think so?

Hon. Mr. Timbrell: Mr. Riddell was trying to make the point that because agriculture generates 3.8 per cent of the GPP and 1.2 per cent of the budget, this somehow was a short-changing of agriculture. If you look at total government expenditures and how they are benefiting from the other expenditures—I mentioned social

services, but I could have thrown in highways, for instance, as well, which is over \$1 billion a year—then it is probably closer to a match than a misfit.

Mr. McGuigan: I think it is more valuable comparing year to year than it is actually comparing those two.

Hon. Mr. Timbrell: The other thing that has to be said is that if you look at the last 15 or 20 years, there has been a tremendous growth in new commitments by government.

Since 1965-66, with the introduction of the Ontario medical services insurance plan, there have been 21 community colleges created, half a dozen universities opened in the province, a growth in the social service system—the kinds of things we covered. You can do almost anything with numbers, as we all know, but the fact is that the budget has not been constant in terms of government commitments, but the growth in agricultural support has been fairly considerable over that time.

What distorts it and makes it look—for those who want to make it look that way, fine—puny is the fact that so many new things have been added on the top. If you build a new teaching hospital nowadays, you are looking at a minimum of \$75 million to \$125 million in capital alone. Then there is operating it. The Toronto General Hospital has an operating budget equivalent to about a third of my budget. That is just one teaching hospital that serves all of Ontario, including the agricultural community. There are many more like it.

There are about 20 teaching hospitals around the province which will collectively spend well over \$1 billion this year. A great deal of that is from commitments that have been made over the last 15 or 20 years that distort these comparisons over time. I would argue that when you compare it to certain other provinces, we have so much more committed to high-quality health and social service facilities, particularly health facilities and the universities, that that further distorts the comparison between and among provinces.

4 p.m.

Mr. Riddell was making the point that we are one of the few provinces that does not have a long-term credit program. That is true. We have not had one since 1968 when the federal government took the position that the Farm Credit Corp. should be the prime government actor in the long-term credit field. We accepted it then and we accept it now.

We will be announcing very shortly our beginning farmer assistance program which, for that group, gets us back into the long-term credit field in a fairly creative and helpful way. Beyond that, we are not contemplating getting into the long-term credit field for the total agriculture community. We believe the Farm Credit Corp. should still be the principal actor. There was a time when they covered about 70 per cent of long-term credit in agriculture in this country. That is not that long ago—just a little more than a decade ago. Now they are down in the low 20 to 25 per cent.

Mr. McGuigan: Can you give us an idea when the program will be announced?

Hon. Mr. Timbrell: I don't want to be pinned down to days but I hope very soon. I now have cabinet approval for my program and a couple of last things to iron out; then I will announce it.

I was just going to add that more than a year ago Mr. Whelan got parliamentary approval for amendments. The legislation for FCC would now let them go out and borrow money. Previously they were constrained by whatever amount of money was voted in their estimates, which this year is about \$550 million or thereabouts. They are now free to go to the money markets—I should not say free because the Department of Finance will have a hand in deciding when they go to the markets and for how much, but they have that extra flexibility now.

Mr. McKessock was making the assertion that agriculture is more important to the economy of this province than that of any other province. I do not miss any opportunities to emphasize its importance to our economy and the fact that it is our second largest industry next to the automotive sector in terms of contribution to the gross domestic product or gross provincial product. There are four provinces in the country—Prince Edward Island, Manitoba, Saskatchewan and Alberta—where agriculture does contribute more to provincial economies than it does in Ontario.

Mr. Chairman: Mr. Baetz was always telling us that tourism is number two in the province; you are telling us that agriculture is number two in the province.

Hon. Mr. Timbrell: In terms of the numbers of jobs generated and in terms of the contribution to the GPP, agriculture, in the broadest sense, last year accounted for something in the order of \$11 billion. That is farm gate receipts, processing, transportation, retailing, packaging—

all of those things. I would think that tourism is probably next.

Mr. McGuigan: The claim was recently made that tourism is number one.

Hon. Mr. Timbrell: Number one?

Mr. Chairman: I thought they said it was going to be number one by the year 2000 or something.

Mr. McGuigan: With the downturn of trade because of the recession, it is now supposed to be number one, if we believe those figures.

Hon. Mr. Timbrell: Frankly, I do not think that most farmers care whether it is one, two or three as long as we can make it as strong as possible.

Mr. Samis: Do you realize that McDonald's employs more people than US Steel now in the United States?

Interjections.

Hon. Mr. Timbrell: What was that?

Mr. Samis: McDonald's employs more people in the United States than US Steel, at probably one quarter or one-fifth of the wages.

Mr. Chairman: The average wage might be a tad lower—

Mr. Samis: Slightly. Ten big Macs lower. If you are over 25, you are retired.

Hon. Mr. Timbrell: I believe Mr. Riddell stated last week that there was a commitment, or promise, in the BILD documents to move the stockyards out of Toronto and that promise was never kept. The promise was never kept because it was never made. There was a commitment to review what should be done with the stockyards, and there was a report prepared that recommended keeping them where they are. That report was accepted and the government's commitment to retain the stockyards in the present location was announced in January 1982 by the former minister. I reconfirmed that in about March 1982.

Mr. Riddell was also commenting on the question of the loss of prime agricultural land. Again, I would remind the members that the amount of crop land in the province actually increased—it did not decrease—in the last decade by more than one million acres; that is a 14 per cent increase. The total amount of farm land in the province in the 1970s did go down. I emphasize the total amount because the definition of farm land includes a lot of land in various parts of the province, particularly the area from whence I come in eastern Ontario, which frankly

is not very productive and never will be, but is designated as farm land.

Mr. McGuigan: You are referring to land south of Algonquin Park?

Hon. Mr. Timbrell: I come from Frontenac county, so it is just east of there. The amount of land actually under cultivation increased significantly in the 1970s.

There is one last thing on the Food Land Guidelines. I will repeat what I said in my opening statement last week, that we are in the process of revising the Food Land Guidelines. Once they are approved by the Ministry of Municipal Affairs and Housing and cabinet, they will be circulated.

Mr. Riddell spent some time on a matter which I know is of great concern to him, namely, the question of the ownership of land by nonresidents. I would remind him, through Hansard, that the amount of farm land actually owned by foreign individuals or corporations remains around one per cent. To be sure, in some of the municipalities it is higher than one per cent. That reminds me that at our last estimates Mr. Riddell was alleging that one particular township—if memory serves me correctly, I think he said it was Morris township—had something like 40 per cent foreign ownership. Our figures showed four per cent. He was most insistent and adamant at the time that our figures were wrong and he was going to give us the proof of that. Did we ever get anything from him on that?

Mr. Ediger: No.

Hon. Mr. Timbrell: Just for the record then, he was going to provide some—

Mr. Ediger: I am sorry, he did provide it, but we had them all registered.

Hon. Mr. Timbrell: That was that other list of 30 or 31 farms. Something tells me it was Morris township, or one near there, where he was alleging that something in the order of 40 per cent of the land was foreign-owned, whereas our figures showed four. He was adamant that he had the proof that we were wrong. I think it was left at our last estimates, in November-December, that he was going to give us information to substantiate his allegations and we have not received any of that.

Mr. McGuigan: Are you sure it was not that 40 per cent was available?

Hon. Mr. Timbrell: I do not think so; I could be wrong. I hope when he is back next week or whenever we get to that vote, he will share with

us whatever information he does have. It was left that he was going to get some information back to me or to my staff and we have never received anything from him.

4:10 p.m.

Mr. Chairman, I will leave it at that point and that will complete my responses for now.

Mr. Chairman: Thank you very much. I want you to know that I enjoyed them this afternoon.

Mr. McGuigan: I noticed the minister was sort of directing a lot of his remarks at me, so I will try to reply to some of them.

One would be our support last week of the resolution on the Canadian Farmers Survival Association. I think I am correct in saying that in general we approve of the Ontario farm adjustment assistance program. We realize that not every farmer can be saved. I am going to meet a farmer this weekend. I am told that the best projection he has right now, unless he gets some help from someone, is that it will cost him \$83,000 to grow his crops this year, from which he can only get back \$67,000.

Hon. Mr. Timbrell: What is the crop? Corn?

Mr. McGuigan: Yes. He lost a great sum of money last year.

Hon. Mr. Timbrell: On how many acres?

Mr. McGuigan: About 200. He lost a big sum of money last year. I do not want to prejudge it, but it sounds as if he is very close to the end. From what I can gather, the problem is that the farm is no good. He bought this farm just in the last few years. The farm is out of productive soil. It cannot be saved.

As a short-term measure for this year's crop, we were supporting the idea of getting something in this land, perhaps not on his farm because it is not a productive farm. If it is a productive farm and it is going to face the prospect of no profit, then it might as well have a crop in it to get whatever can be salvaged out of the year. Then he can kind of phase it out in the fall.

If he could not come up with a decent picture this year and with the future prospects that we have, surely it should be evident to everybody that is the end.

Hon. Mr. Timbrell: Maybe we can just discuss it. What makes it any more evident or what makes it any fairer or more humane or whatever to tell him that in the fall than to tell him now, based on the extent of indebtedness and his current position and what any objective evaluation of his prospects would tell one?

Mr. McGuigan: I think these fellows can go through the summer with no crop and in the fall say, "Prices turned out well. Look at what my neighbour did. I could have made it had I had this year under my belt." They would say that in light of the better prospects that have developed in the last few weeks.

Hon. Mr. Timbrell: Even on those, as you know, you will get quite an argument. I had lunch yesterday with a couple of fellows who are senior executives of a large milling operation. They painted a pretty gloomy picture about the price of corn this fall.

For instance, they were saying that notwithstanding the payment in kind and the reduced acreage programs in the United States, they are going to end the year in the United States with as big a carryover into 1984—about 2.5 billion bushels of corn—as they came into 1983 from 1982. What they find is happening is that there has been a significant reduction in acreage as a result of those two programs. They do not dispute the claims of the government of the United States in that respect, but they claim that the land which farmers in the United States are taking out of production is the marginal land and that they are really slapping the fertilizer on the good land. All else being equal, their yields are going to be really no less.

They are trying to cover both sides: get assistance from the government of the United States through the reduced acreage program and payment in kind program and maintain the same level of productivity.

Mr. McGuigan: That has always been a factor.

Hon. Mr. Timbrell: Yes. The only point I am making is that there are a lot of different points of view—some very positive and some very negative—about what will be the conditions in the fall. God knows, I would love to see every possible farm operation stay in business, but if a guy is over his head in debt today and an objective appraisal of his prospects indicates that he is going to be that much further in debt by fall, I just ask myself and my staff, are we doing that man a favour?

Mr. McGuigan: I agree with the minister on that. I would not want to see people digging a deeper hole. It just looked, a few days ago, as if there might be some profit chances. With the way the weather has turned out and with the delay we are now into, you are probably right. When you take the figure of three quarters of a bushel—some people say a bushel—lost in corn

in yield after May 10, we are now into 21 to something like 30 bushels down.

I think the future price is very close to \$3. You could sell it a week ago for \$2.92. I have not checked this week yet. You are getting into \$50 or \$60 an acre down before this stuff is going to go into the ground. What was some glimmer of hope a week or 10 days ago is probably gone now.

Hon. Mr. Timbrell: Or it is reduced at least.

Mr. McGuigan: Reduced.

Mr. Ruston: One thing that would help is if we could get advance payments for corn the same as beans. My nephew sold some corn the other day for \$4.10. He has corn on the cob which is very special, you get a higher price because it is natural dried. He sold a lot for \$3.80 and was kicking himself. However, that is the thing you do, it is a gamble.

It is the same with soybeans. They went up to \$7.50 or \$8 and then they came back down to \$7.30, but you sell them whenever you think the price is at the top. I think the November price was \$7 and some of them took contracts at \$7.50. That advance payment on soybeans at \$4 a bushel is a great benefit; the cash crop arrangement that the feds brought out.

Hon. Mr. Timbrell: The Ontario Corn Producers' Association that has been formed this year—I guess they are up to about 1,200 members now—has a mechanism available to it under the advance payments program, to begin this year. We have been discussing that with them.

Mr. Ruston: Tied to that, I have a farmer who was in good shape four or five years ago but has lost a lot of money in cattle. The bank said to him two years ago, "You cannot have any money to put in cattle." That was the year he would have made money in cattle.

He has been growing corn since then, about 600 acres of it. Last fall he sold 600 acres of corn out of the field for \$2 a bushel because he did have any money to go through.

Hon. Mr. Timbrell: He did not advance any of it?

Mr. Ruston: You cannot get an advance.

Hon. Mr. Timbrell: Last spring he did not get a forward contract on any of it?

Mr. Ruston: No.

Hon. Mr. Timbrell: There are three brothers—I guess they are in your riding—whom I met over a year ago in Sarnia one Saturday. In 1981 they had the chance to forward 2,400 acres of corn.

They had a chance to forward contract in the spring of 1981 at \$4.10.

Mr. McGuigan: They wanted \$4.15.

Hon. Mr. Timbrell: That is right; that is exactly the number. Maybe you know the brothers?

Mr. McGuigan: No.

4:20 p.m.

Hon. Mr. Timbrell: They wanted \$4.15 and they averaged \$2.87. There are three brothers and a brother-in-law. I ran into two of the brothers and the brother-in-law on the main street of Leamington, I guess, a few months ago. I just happened to bump into them coming out of a restaurant. Last year they were down to 1,200 acres. They did not forward contract any last year either. This year they said they were going back to 2,400. I asked, "Have you forward contracted any?" and they said, "No."

I have to say they are real gamblers.

Mr. Ruston: Farming always was a gamble.

Hon. Mr. Timbrell: I know, but surely in this day and age with things like forward contracting you should be hedging a quarter or a third of whatever.

Mr. McGuigan: Like old Mel.

Hon. Mr. Timbrell: What would he do?

Mr. Ruston: He does not believe in this.

Mr. McGuigan: He thinks that is a terrible system. He has got a thing with forward contracts.

Hon. Mr. Timbrell: I have not heard him say that. Maybe we can get him into that when he gets back.

Mr. McGuigan: The poor man sold his corn last fall for \$2. He could sell it if he had it in stock now for \$3.70 or something. You can imagine how he feels, having been forced this way by his—

Hon. Mr. Timbrell: That is where the advance payments program will be of some help, although the maximum amount that you can get under that is \$15,000.

Mr. McGuigan: What time do we close today?

Hon. Mr. Timbrell: At 4:30 p.m.

Mr. Chairman: We are scheduled to leave at 4:30. The clerk tells me I started a little late and I am trying to sneak in a few minutes here.

Hon. Mr. Timbrell: I was here.

Mr. McGuigan: Do you want any further explanation? It is almost 4:30 p.m. I think I have pretty well covered it. We felt that under these

circumstances they could have one last kick at the cat.

As far as OFAAP is concerned, I personally think it is a pretty good program.

Hon. Mr. Timbrell: I am glad to hear you say that. I wish you could have been there. In fact, one of your colleagues was there when I met with the farm survival association. Gordon Miller was there. The philosophy of the leader at least, if I have to zero in on one individual, and of some of the others, is a philosophy I do not think you could accept. It is certainly not a philosophy I can accept.

Mr. McGuigan: One philosophy I do accept is that we have got to try our best to protect all farmers.

Hon. Mr. Timbrell: Absolutely.

Mr. McGuigan: I have done it all my life. I have been head of farm organizations and there were always times when some of the people within the organization would say, "Let those fellows go." They took that attitude when I was the chairman of the Ontario Fruit and Vegetable Growers' Association. We had the flower people, the nursery people, the tobacco people and a number of ancillary people. They would feel assaulted by some particular program, and people would say, "Let them go."

I would say, "Like hell I am going to let them go because they are part of agriculture and our numbers are so small already, we are losing our political power. Is it not a whole lot better to try to fight their fight than wait until the thing is at my door or your door?"

Hon. Mr. Timbrell: Yes.

Mr. McGuigan: There is just one more thing. Perhaps I would not have been so strong in my own personal feelings of it, but I thought there was an attempt being made by your deputy minister to try to discredit one farm survival group, to divide and conquer. I do not want to spend a lot of time on that. I have already said something about it. I just dislike those tactics.

Even though I may not agree with the philosophy of the leader of that group or I may not agree with every tactic they have done, I do agree that many of those people are in situations that just happened. I will read you a letter here. It is typical of so many cases. Here is a man and his son trying to run a family farm.

He writes: "In 1979 we built a new feedlot to further expand the operation for the sons, at which time I had lots of equity. Since then our equity has been used up"—in other words, he is close to bankruptcy in technical terms—"on

account of the feedlot, and the boys purchased a farm in 1981." That was probably the worst time you could buy a farm, but you must remember, you buy a farm when it is available. If it is in the right location, you have got to buy it when it is available.

"We had a 250-head feedlot in 1979, paid for, which was sufficient for me to attend to." The man is probably my age. With mechanization equipment, he looks after 250 cattle by himself. He has got it made. "Now with the government telling us to get efficient, we decided we had enough land to build another 250-head feedlot to keep the boys on the farm and try and make a family farm of it.

"Replacement cattle prices went very high." He was faced with the question of whether to leave the feedlot empty. He already has the money in the feedlot and figures that he has got to put cattle on it to make it pay. He is in the cattle business or he may have silage corn. He is geared to that, so he goes ahead and buys the cattle. He paid high for them and sold them cheap in the spring.

He says interest rates were unreasonably high. I could talk all day about interest rates. "Since then it has been all downhill. The five per cent back to 12 per cent helped for 1981 and 1982, but has done no good in 1983. The farm the boys purchased in 1981, the five per cent rebate program was no good for them because of no equity." I do not know what he means there.

"In 1982 they had a chance to grow tomatoes for Southland Canning, which we had been led to believe would not have financial problems like in 1981." I think probably there are arguments whether they were warned or not; the vegetable people say they were warned. But I think a farmer looking at the situation and the BILD money in there thought there was some reasonable chance of recovery.

Hon. Mr. Timbrell: Plus, if we had been able to get the federal people to slap the duty sooner on the subsidized imports that have been dumped here, it might have made a difference, too.

Mr. McGuigan: They did that. According to our international obligations, they acted very quickly in that situation.

Hon. Mr. Timbrell: I am told they were made aware of this over two years ago, and it was only in March of this year that they finally slapped on the 10 cents a pound levy.

Mr. McGuigan: The way that system works,

you have to have the crime committed before you can take it to court.

Hon. Mr. Timbrell: I think the foot was in the door a couple of years ago.

Mr. McGuigan: There are other problems as well. They tell me the worst problem was the fact that the canners, Southland and others, overcanned by 20 per cent. That is actually a worse problem than the imports. That is what the vegetable people tell me.

To continue with his letter: "As a result, Southland Canning owes them \$25,000, which they have very little chance of receiving. Also, they purchased baskets and tomato boxes which they have no chance to use now. They have tried for three or four years to get a contract with big companies with no success.

"You, as government, have given a \$3 million forgivable grant to Heinz under BILD, which was supposed to help the farming community. Almost all of the new 1,000 acres has gone to 12 mechanical harvester growers which, in my feelings, my boys could have grown 15 acres of tomatoes or more of the same variety and hand-picked them."

He asks some questions: "1. Why did all the new acres of tomatoes go to a few growers who were already big? Why shouldn't young guys like my sons get a chance?

"2. Why did you government always push us to get more efficient? Your advice is killing a lot of us now.

"3. It cost me more money to grow my corn for my feedlot than the farmer that takes it to the elevator and sells it as grain." I think he is saying here that his cost of production for growing corn for his feedlot is greater than for the people who sold the corn to a mill.

"You, as government, say I can't receive a stabilization payment because my cattle are subsidized." I understand that is that he cannot be subsidized twice, once for corn and once for cattle. "I lose money on growing corn and also lose money on fattening cattle. I would like an explanation on your reasoning of this."

I suppose the man has made some mistakes and he has to suffer the consequences, but I do not think at the time that anybody looking at what he was doing would have said, "You are crazy. You have got bad management. It is all your fault." He got caught by being in the wrong place at the wrong time. If you look at that man today, he is willing to go and work for somebody, although God knows where he is going to get a job. What is he going to do for the rest of his life?

Hon. Mr. Timbrell: I take it from the letter that we had assisted him in 1982 under the farm assistance program. Is it a case that we have approved for 1983?

Mr. McGuigan: He says it has done no good in 1983, so maybe he has been turned down. I do not know.

Hon. Mr. Timbrell: In 1983, even under the interest rate reduction grants, the market fluctuates but they can still pick up three quarters to a point on that. A number of applications have been approved for that, plus the guarantee section.

There is one other thing. I just checked with Brian Slemko on this business. I had not heard that rumour before about the canners putting down 20 per cent more last year. Brian tells me that the 1982 pack of all canned tomatoes in the province was only four per cent more than in 1981, not 20 per cent.

Mr. McGuigan: It is wonderful that you should use that figure. The whole board was there—

Hon. Mr. Timbrell: Brian tells me it is only four per cent.

Mr. McGuigan: They were certainly not people to be easy on the federal government.

Hon. Mr. Timbrell: No, they have not been noted for that. Quite frankly, everybody is waiting with bated breath to see what the tribunal is going to recommend and whether the federal government will act because, in our view, if they do not do something about these subsidized imports, it is going to create some very serious long-term problems.

Mr. McGuigan: I think they have.

Hon. Mr. Timbrell: I do not think the tribunal has handed down a decision yet, has it? I have not seen anything.

Mr. McGuigan: It is coming very shortly.

Hon. Mr. Timbrell: They did put on a 10 cent a pound duty in March. Bill Rompkey, the Minister of Revenue, finally did that. I do not think I am exaggerating when I say that this was drawn to their attention over two years ago. The evidence, in our opinion, was there then to take some action. In March they put on the 10 cents pound duty and called the hearings, which were held in May. I think there were nine canners who went there, as well as producers, and everybody was saying the same thing.

Mr. McGuigan: It takes a long time. In the state of Maine, the talks on maritime status have taken two years from the American side. The

ere two years on the lumber deal. I think most of us would agree that in international trade you have to have a little bit of time to properly assess these things; otherwise, you are just slapping tariffs on each other right and left.

Hon. Mr. Timbrell: In another case, in a different commodity, we have been after the federal government to do something about lines coming from the European Economic Community and the heavy subsidies there, and they have told us they are not going to do anything.

Mr. Ruston: Maybe Joe Who will be down here in a year or so and you can go after him.

Mr. McGuigan: I just wanted to make a point on this matter. Not all of those people in the farm survival group are bad managers.

Hon. Mr. Timbrell: Oh, no, and I would be the first one to say that. I would be the first one to argue with anybody who would make that kind of allegation. All I am saying is that some people in that organization, particularly the president of it, are people with whom I, as you could do too, would have a very strong philosophical disagreement.

Mr. McGuigan: I think that is true.

Mr. Chairman: It is 4:36 p.m. and we have 10 more hours left in the estimates. Perhaps the members could give consideration as to how they want to give any direction to the chair as to

the four votes that are remaining. We can think about that over the next week.

Hon. Mr. Timbrell: Actually, Mr. Chairman, there are four more sessions, two mornings and two afternoons. Instead of tying up my staff from all divisions of the ministry, it would help—

Mr. Chairman: If you had an idea now? The two critics are not here.

Mr. Ruston: Our critic will be back tomorrow.

Mr. Chairman: What if I try to ascertain either tomorrow or Monday from Mel and Jack so that before Wednesday perhaps we could decide?

Hon. Mr. Timbrell: All I was going to suggest was that since we have four votes, we could be doing one vote per session.

Mr. Chairman: Let us shoot for that, subject to—

Hon. Mr. Timbrell: Then we could tell staff accordingly and not have them sitting here away from their duties.

Mr. Chairman: Except I know that all the staff have indicated how delighted they are to be here.

Hon. Mr. Timbrell: They have been falling all over themselves to get in here.

Mr. Chairman: We will adjourn.

The committee adjourned at 4:37 p.m.

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- From the Ministry of Agriculture and Food:**
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Galloway, J., Policy Adviser, Strategic Planning Branch Ediger, H., Executive Director, Foodland
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Rennie, Dr. C., Assistant Deputy Minister, Technology and Field Services Division



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Agriculture and Food

Third Session, 32nd Parliament

Wednesday, June 15, 1983

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, June 15, 1983

The committee met at 10:07 a.m. in committee room 1.

ESTIMATES, MINISTRY OF
AGRICULTURE AND FOOD

(continued)

The Vice-Chairman: I think we should get started. Go ahead, Minister.

Hon. Mr. Timbrell: Last week, Mr. Chairman, I think we finished all of the opening statements, mine and the opposition critics'.

Mr. Swart: Perhaps not everybody is aware that we have started, Mr. Chairman. Could you call the meeting to order?

The Vice-Chairman: Order.

Hon. Mr. Timbrell: I understand that the chairman of the committee has worked out an arrangement with the two opposition critics that since we have four votes and four sessions—I think it is two mornings and two afternoons left—we will do a vote per session.

I am in your hands. I have virtually all the staff who deal with food land preservation here this morning. Somehow the impression got around in the ministry that the agreement was to start with that this morning. As I say, I am in your hands. If you want to deal with food land preservation in this morning's session, the staff are here. If you want to deal with one of the other votes, I can let them get back to their work, as long as we know when you want to deal with it.

Mr. Riddell: Does that come under vote 1901 or vote 1902?

Hon. Mr. Timbrell: Vote 1902.

Mr. Riddell: What you are suggesting is that we start with vote 1902 this morning and do vote 1901 this afternoon?

Hon. Mr. Timbrell: I am in your hands. I am just saying that the staff are here for that.

Mr. Riddell: Some of us are geared up for this morning's session and now we are seeing a last-minute change.

Hon. Mr. Timbrell: As I say, I am in your hands. The staff are here for that. They can come back this afternoon if you prefer.

Mr. Swart: If it disturbs the plans of anyone, I am willing to stick to votes 1901, 1902, 1903 and 1904. As far as I am concerned, I am ready to go on vote 1902, on the item of land preservation and improvement, at the present time.

The Vice-Chairman: It is up to the committee. Do you want to continue with vote 1901? That seems to be the consensus.

Mr. Riddell: Vote 1902 also takes into consideration marketing and sector support payments. I know we have some members who want to deal with marketing. I have told our people that we are going to do vote 1901 this morning and vote 1902 this afternoon. If there are other members who want to come in and deal with marketing, they are just going to be out of luck if we do that this morning.

The Vice-Chairman: I think we will carry on as planned.

On vote 1901, ministry administration program:

The Vice-Chairman: Mr. Riddell, did you want to speak on that?

Mr. Riddell: The Ontario budget stated that funding for the regular programs of the Ministry of Agriculture and Food will be increased by 9.3 per cent in the 1983-84 agricultural budget. Looking over last year's budget and making a comparison with this year's budget, I find that the facts do not support the statement.

Let us just go over the 1982-83 budget, a total budget of \$329.7 million. If you subtract from that the \$18.1 million which was spent on the Ontario farm adjustment assistance program, bearing in mind that OFAAP is not a regular ministry program but a program designed for one year and extended for the second year; subtract the \$46.1 million which was spent on crop insurance, much of that going towards tobacco, here again bearing in mind that this is not a regular program of the ministry; subtract the \$1.3 million for lottery funds, bearing in mind that this is not a regular program of the ministry; then you come up with a total of \$264.2 million spent on regular ministry programs in 1982-83.

In 1983-84 there is a total budget of \$294.7 million. Subtract from that the predicted spending on OFAAP of \$30.5 million and you come up

with a total budget for regular programs of the ministry of \$264.2 million, which is exactly the same as the budget last year.

The minister frowns. I have tried to explain—

Hon. Mr. Timbrell: I am just trying to follow your figures.

Mr. Riddell: I do not see what the difficulty is. I told you that last year's budget was a total of \$329.7 million, but out of that there was \$18.1 million for OFAAP, not a regular program; \$46.1 million for crop insurance, not a regular program; and \$1.3 million for lottery funds, not a regular program. Deduct those and you come up with a total of \$264.2 million.

This year there is a total budget of \$294.7 million. Deduct from that the \$30.5 million on OFAAP. That ends this year, according to your statement, unless we find that the farmers are going to be in difficulty next year. You indicated somewhere, when I read your response to our opening remarks, that you may well extend the program another year. Since it is not a regular program, if we deduct the \$30.5 million spent on OFAAP from the \$294.7 million, we end up with a total budget for the ministry of \$264.2 million.

Tell me, where does the 9.3 per cent increase in your budget come from?

Hon. Mr. Timbrell: I do not think it is entirely fair to exclude OFAAP. While the intention is that the program will close off on December 31, 1983—that is, applications being approved—the financial obligations to the government will carry on into 1984 and 1985.

Any application approved up to the close of business on December 31, 1983, will entail either guarantees assumed by the government, or rebates of interest for a year past the date of approval. I think that in his calculations the Treasurer (Mr. F. S. Miller) was including OFAAP as an ongoing commitment. It has been in two fiscal years now and will be in at least one more, considering the obligations that we assume.

Mr. Riddell: That is what I was afraid of. I was afraid that your response was going to be that you consider the OFAAP program, even though it is temporary, to be an ongoing, regular program of the ministry, which is really smoke and mirrors.

Hon. Mr. Timbrell: Why?

Mr. Riddell: You talk about a 9.3 per cent increase in the budget and you are including in that programs which you know are going to end.

Hon. Mr. Timbrell: Millions of dollars of taxpayers' money is hardly smoke and mirrors.

Mr. Riddell: It is nice to be able to go out and tell the people that you have increased your budget by 9.3 per cent, but what you are including are very temporary programs like OFAAP, which I maintain are additional programs on a very temporary basis. They are not part of your regular ministry programs. It is a program that you would dearly love to get out of; you have to admit that.

Hon. Mr. Timbrell: The program was intended to be temporary from the outset. The condition which it was intended to meet had not abated to the point that it could be dropped at the end of 1982, so it has been carried through 1983. Even if it does close off on December 31, as far as any new applications or renewals being approved, the government's financial commitments extend well beyond that. A million dollars of taxpayers' money is a million dollars of taxpayers' money however you categorize it.

What you have not included in your figures—at least, I do not think you have; that is why I was just trying to follow them—is the \$9 million for the beginning farmers' program which in the next fiscal year will go to \$18 million. In the next fiscal year after that it will go to \$27 million; in the next year after that it will go to \$36 million and in the next year after that it will go to \$44 million.

Mr. Riddell: If you will pardon me for being a little suspicious, I have heard about this beginning farmers' program since last year when it was announced in the throne speech and the budget speech. I do not know how many times I have talked to you in the Legislature about giving me some details of that program.

All of us are being hounded by farmers. We are being hounded by lawyers, acting on behalf of farmers who want to close deals with the Farm Credit Corp., but are a little reluctant to do so because they have no idea whether they are going to qualify for the beginning farmers' program.

I now learn, and it is coming right from the farmers, that the Farm Credit Corp. is telling the farmers who are applying for assistance through it that they will not qualify for the beginning farmers' program because they rented land either last year or for the last two years. The never owned land and have never owned land in their lives. However, they are now being told by the Farm Credit Corp. that the chances are they will not qualify for the beginning farmers' program by virtue of the fact that they have been renting land.

I would like to know how the Farm Credit

or. is getting the very kind of information that we have been trying to solicit from you. We have been running against a brick wall because you say that you still have some things to work out with the Treasurer. For goodness' sake, how long is it going to take to work these programs out?

Hon. Mr. Timbrell: Hold on, do not misquote me. My program has been approved by cabinet. We have to work out some details with another government. My intention had been to announce the program last Thursday and we were all prepared up to do so.

Mr. Riddell: And?

Hon. Mr. Timbrell: And I am waiting for, as I said in the House yesterday, another gentleman to take another place to finalize matters. I think you know who the gentleman is and I think you know what the place is.

We were ready to announce it last Thursday and we certainly have been talking with the Farm Credit Corp. people and our own staff so that they would be well briefed and ready to go, once it is announced.

Mr. McKessock: So it is connected with the Farm Credit Corp.?

Hon. Mr. Timbrell: But nobody, as I said in the House yesterday in answer to your supplementary question, is authorized to talk to anybody and to give out any details until it is announced. If somebody is doing that, I would like to know which office of the Farm Credit Corp. it is and who is doing it.

Mr. Riddell: I had a call yesterday before I went into the House. The farmer told me that he was informed by the Farm Credit Corp. that the chances are he would not qualify for your program because he happened to be renting land. It made me a little annoyed to think that the Farm Credit Corp. was knowledgeable about such information and even disseminating such information when we have not even received it in the Legislature.

Hon. Mr. Timbrell: I would be annoyed too, and I am annoyed to hear that this is happening. I can tell you that cabinet approved my program last Wednesday and I was ready to announce it last Thursday.

Mr. McKessock: Can we have a little clarification here before we get too far off? We were talking about the increase or decrease in the budget. On page R11 there is a decrease in this

year's budget. What was this about a nine per cent increase?

Hon. Mr. Timbrell: Where is there a decrease?

Mr. McKessock: From last year's actual of \$304 million to this year's estimate of \$285 million.

Hon. Mr. Timbrell: All right. The \$304 million is the 1981-82 figure. Is that what you are quoting?

Mr. McKessock: Yes.

10:20 a.m.

Hon. Mr. Timbrell: The estimates for 1982-83 were \$285 million. In 1981-82 there was the one-time assistance to the beef producers, which was about \$57 million. We got into that discussion in the estimates for 1982-83 eight or nine months ago. As I say, you are not including the \$9 million.

I suppose I would also argue that while it would not be reflected here, there are also two other items with respect to agriculture that do not show in our estimates last year or this year. There is the \$58.25 million spread over five years that we are getting from the Board of Industrial Leadership and Development. It is going into various programs. There is also the \$9 million for the beginning farmers' program, which I have already mentioned. It is not shown here. It increases by \$9 million a year each year thereafter, reaching \$45 million.

Mr. McKessock: Do you not have anything in here for the beginning farmers' program?

Hon. Mr. Timbrell: It is not shown here.

Mr. McKessock: How come?

Hon. Mr. Timbrell: When the estimates were presented and finalized at Management Board, the Treasurer had not completed his budget. The beginning farmers' program was a budgetary item which has to be added to this. There is \$9 million more, and it will have to be covered later by supplementaries, I guess. There is also the \$8.4 million which has been allocated to us over two years, through BILD, in the accelerated capital program, which will impact on our ministry as well.

In point of fact, if we take last year's spending, less the acceleration of the farm tax rebate program—and we accelerated about \$15 million to clean up the backlog there—and less the extra money for crop insurance, primarily for tobacco, we get our base. Compared to this year's base, we end up with a 9.3 per cent increase.

Mr. McKessock: It is a kind of juggling of figures because, in actual fact, the farmers are going to get less money this year than they got last year from the Ministry of Agriculture and Food.

Hon. Mr. Timbrell: One would hope that the need for the one big item, the \$45 million extra assistance for crop insurance, does not recur. However, you never know from one year to the next what kind of calamity is going to hit what part of the province and, therefore, impact on the crop insurance fund. In two out of the last three years we have had major injections of money into the crop insurance fund—for blue mould three years ago, and last year because of the late August frost.

If a similar calamity were to occur this year and the crop insurance fund were not able to meet this obligation from its current accounts, we would be in the same situation. We would have to throw in extra money, which would not be reflected here, but which would increase the actual spending by the ministry in this current fiscal year.

Then when we came around to setting next year's base budget, we would have the same situation again. Because of a one-time emergency funding, we would have this disparity between actual and base.

Mr. McKessock: I do not want to get hung up in figures, but it is my understanding that you said the \$45 million went to the tobacco growers for blue mould. The increase in this year's taxes in the tobacco industry brings in about three times that amount or more, does it not?

Mr. Riddell: Unfortunately, that does not go to the ministry; it goes into the consolidated revenue fund.

Hon. Mr. Timbrell: It all does.

Mr. Riddell: You have not been above board on the \$45 million either because you know full well that \$15 million of that comes from the federal government and \$15 million went out by way of loans to farmers, which is going to come back.

The thing that bothers me about politics is that you can go out and say that your ministry spent \$45 million or \$46.1 million, or whatever it was, on the tobacco crop, when actually the federal government was kicking in a fair sum of money and the rest was going out by way of loans, which are not a gift to the farmers.

Hon. Mr. Timbrell: It was not the rest. Do not forget that we put in \$15 million.

Mr. Riddell: Okay, but that is it.

Hon. Mr. Timbrell: You know that \$15 million is \$15 million. It amazes me how you can just dismiss \$15 million of the taxpayers' money with a wave of the hand.

Mr. Riddell: I am not dismissing \$15 million but it is a far cry from the \$45 million which you had led the people to believe you had contributed.

Hon. Mr. Timbrell: Why do you not take off the amount of money that the government is borrowing this year, if you are going to play those kinds of games with numbers? It really is just playing games with numbers.

The fact is that last year we spent X numbers of dollars. Some of it came from provincial taxes and some from federal involvement—in this case, to give the example, crop insurance. Some of it came from money the government had to borrow. That is what we spent; that is how much we put out in that fiscal year.

I suspect that in every year you are going to have this kind of discussion about how the previous year's actual spending compares with the current year's estimates. Agriculture and Food, as much as or more than any other ministry, has to get involved in emergency fixes, if you will, because of weather conditions and so on.

Mr. Swart: Gentlemen, we have had a rather lengthy discussion in the lead-in on this whole matter of the agricultural budget. There is a real difference of opinion. The minister talks about playing games with figures. He, more than anyone else, is playing games with the figures that we have.

If we compare the estimates which we have in writing before us, whether it is in the budget this year or whether it is in the figures you have submitted to us in the estimates presentation, the estimates show that there is going to be a real reduction, in real dollars, in the money going to farmers this year, compared to last year or the year before.

If you go to the Treasurer's estimates, on page 59, they show that the actual figure for 1981-82 was \$305 million. The interim figure for 1982-83 was \$330 million. This year it is going to be \$295 million.

You may say that there is an adjustment to be made for these other years, that one should add figures for this year. However, the actual figures which are put in the estimates by the Treasurer show that there is likely to be a reduction.

Hon. Mr. Timbrell: Well, with respect—

Mr. Swart: Just a moment, let me finish.

If you go to page 77, which shows the

assistance to farmers, it shows that in 1981-82 there was \$174 million. In 1982-83 there was \$193 million, and now it is down to \$169 million. If we go even to your estimates this year, they show that the 1982-83 estimates were \$283.8 million. This year the figure is \$294.7 million. If we allow for the inflation rate of seven per cent, this means that, in real dollars, it is a reduction of three per cent this year, according to your own estimates, prepared by your ministry.

You can say that we can add in the \$9 million, or a portion of the \$9 million. The year is going to be half gone—maybe two-thirds gone—before we ever get into this program; the whole year could be gone. I do not know what you are going to pay out this year, but you say that it will be \$9 million in the first year.

We should also look at how wrong you likely are in your Ontario farm adjustment assistance program payments for this coming year. That is a fictitious figure, an inflated figure. I am convinced that it is going to be very much an inflated figure. What you have paid out this year is very, very little. Last year you had a figure of \$39 million in the estimates and you actually paid out \$18 million.

If we go by the basic figures which are before us, before you try to doctor them or before we try to doctor them, it shows that, in real dollars, there is going to be a substantial decrease in the assistance to farmers this year compared to last year or the year before.

That statement cannot be refuted, Mr. Chairman, if we use the figures which have been provided to us by the government. There is no question about that. The sad part of all this is that there is a far greater need out in the farm community, which I am sure you will admit, using any of the criteria, for assistance this year than there has been for decades. It is much more so than last year and it is much more so than it was two years ago.

10:30 a.m.

Using all figures that have been submitted to us, the very real likelihood is that there is going to be much less money going out this year, in a year when there is a much greater need for it. That is the situation facing farmers.

You can doctor the figures and we can doctor the figures. We can pick out holes in them legitimately. You can say that there are going to be additions to them and that last year they were inflated by this or inflated by that. Whether you use the figures of Mr. Riddell or whether you use your own figures with regard to what was paid to the tobacco farmers, Mr. Riddell is

correct. Only a third of it is money which came out of your budget last year.

There are all kinds of figures. I go with what you put down in writing. It shows that there is going to be a decrease this year of at least three per cent from the estimates of last year in real dollars. That is what we in this party object to. At a time when other provinces are increasing their assistance to farmers, when the need is there—a tremendous need by any criteria you want to use—there is going to be less assistance to the farmers. That is what we object to.

Hon. Mr. Timbrell: The point we have made repeatedly is that in the core programs of the ministry, whether it be in tile drainage, education or whatever, we have stabilized our commitments. Each year, as new programs are added or as emergencies of one kind or another require it, the government does add the funds where they are required.

We sat here during estimates last year and we went through a very similar discussion. If I remember correctly, Mr. Riddell, I think your argument was that spending was down 14 per cent last year. That was the figure you were using here in the estimates. We went through the same thing, talking about taking out sums for commitments made in the previous fiscal year that were nonrecurring and base-to-base. There was, in fact, an increase. We ended up the year with considerably more than what had been budgeted, about \$46 million more than what had been budgeted. I think that reflects the government's commitment to meeting the emergencies and the needs that are out there.

I think that if you were to take total government spending, you could probably argue, and perhaps you have, that total government spending has not kept pace with inflation. In fact, as a whole government, we probably have not.

We have been making a conscious effort for as long as I have been a minister, which is now going on 10 years, to reduce the rate of growth in government spending relative to the growth in the gross provincial product, relative to inflation. We have made an effort not to be shackled to inflation as the only basis on which government spending decisions should be based. This ministry, more than any other, has been able to go back over the years, where a need has arisen, to get the government's assistance and commitment to it.

Just quoting your figures, you have mentioned \$305 million in 1981-82. There was a big chunk of nonrecurring expenditure there and, likewise, last year. However, the base has been

built up further to the point where the base is now \$295 million for fiscal 1983-84.

Add to that the \$9 million, plus our share of the Board of Industrial Leadership and Development funding, roughly one fifth of that \$58.25 million, plus our share of the accelerated capital program. In fact, the total expenditures for agriculture next year and, for that matter, even this year—what is shown as the estimated actual for 1982-83—is low because we have to add the BILD expenditures to that.

This year one change that has occurred is the \$1.85 million that is shown as a decrease. That is the lottery money we have had for three years. That was a three-year commitment that ended at the end of the last fiscal year. While we are working on developing some proposals to go back to cabinet, looking ahead another three or four years, for the use of lottery funds, we do not have it this year. That one thing alone makes quite a change, almost \$2 million.

Mr. Swart: I am surprised at your statement; perhaps you did not mean it that way. You said that the total budget had not kept up with inflation. The fact is it has. The inflation from budget time last year to budget time this year was 7.4 per cent.

Hon. Mr. Timbrell: If you exclude debt charges, I think you will find that total revenue and spending went down.

Mr. Swart: Your increase in the total budget this year was 7.7 per cent, as I am sure you must be aware.

Hon. Mr. Timbrell: Take out debt charges from that, the cost of carrying the deficit, which is increasing each year, the total public indebtedness, and I think you will find that, in fact, we have not—

Mr. Swart: I am talking about the current operating budget, which is the figure you have in your budget, which this year for the farm community, according to your own figures, is four per cent above what it was in the estimates for last year, from \$283.8 million to \$294.7 million. Using your figures, using the figures the Treasurer (Mr. F. S. Miller) had, that is a four per cent increase. The overall operating budget of the ministry is up 7.7 per cent.

Hon. Mr. Timbrell: What I am saying is I think that is an unfair comparison, because in our constraints we do have programs that do not spend as much as was budgeted, and the Ontario farm adjustment assistance program is an example, but we also have programs that spend more. Crop insurance is one and farm tax rebate is

another. Before the end of the last fiscal year, we accelerated \$15 million of payments there to clean up a backlog that had built up over a number of years in the budgeting. We spent more on the farmstead improvement program.

What I meant by that was that for a number of years the amount that was included in the budget was actually less than was spent. There was a backlog, and we accelerated \$15 million of payments to try to bring it into line.

Mr. McKessock: But the farmers went into—

Hon. Mr. Timbrell: No, but as far as the budgeting was concerned it was all skewed. I mentioned farmstead improvement, where we budgeted \$5 million and spent over \$13 million. I know your job is always to emphasize the area where we spent less than we budgeted. My job is to try to give you the complete picture.

Mr. Swart: But you would concede, would you not, that the figures put before us by the Treasurer, by the document, on this year's budget compared to last year's budget or the previous year's budget, would indicate that there is a reduction? It is a yes or no answer.

Hon. Mr. Timbrell: You are trying to use any figures you can find to show a reduction.

Mr. Swart: Your figures.

Hon. Mr. Timbrell: You are being very selective.

Mr. Swart: No, I am not being selective. That is the table you provided to us.

Hon. Mr. Timbrell: You are ignoring the amounts of money that were spent last year on a one-time, hopefully nonreturning, basis. I say hopefully because one hopes there is no kind of financial calamity.

Mr. Swart: I am talking about last year's budget.

Hon. Mr. Timbrell: You are ignoring the additions that are not reflected in there, which were part and parcel of the Treasurer's overall presentation in May. These estimates were prepared and put to bed several months before the Treasurer's budget.

You can feel free to do with the figures what you will. Obviously, you are going to do with them what you will. I will be happy to continue to explain to the farm community what we are doing with their money and with the money of the rest of the taxpayers of this province. As a government, overall we have made a conscious effort to decrease the relative growth in government spending.

Mr. McGuigan: Mr. Chairman, on a point of order. It seems we are going to go endlessly on this.

Hon. Mr. Timbrell: I hope not.

Mr. McGuigan: We appear to be going endlessly on a point. No one is going to concede the point and we are going to continue, as we have in other years, and end up at the end of the estimates by passing over a whole lot of very important items. In the last few minutes we will vote them in and not discuss those items.

Could you get the thing moving here again? This is important, but the point is that no one is going to concede the point. Can we not just leave it at that and go on to other important items?

Mr. Chairman: A fine idea. The chair concurs. I do not think we are going to arrive at a consensus. It is not our job to arrive at it, in any event.

Mr. Riddell has indicated he is not finished and would like to carry on. I assume Mr. Swart may have some comments. I have Mr. McKessock already, and presumably others, on the list.

Mr. Swart: As a matter of procedure, I am quite willing to let Mr. Riddell, who is the official opposition member, lead off, but as he raises each individual item perhaps it would be a good idea to have discussion on that item. I think, Mr. Chairman, you will drop the gavel if we are spending too much time on any one item, but before we get off an item, rather than having him cover everything he wants to cover under this vote and then me, I think it is better to have a discussion on them.

Mr. Riddell: That was not my intention. I agree, Mel.

There is another part of the budget I want to question. I do not fully understand it. Before I do and before leaving OFAAP, I am still somewhat perturbed about the minister's attitude towards providing assistance through OFAAP to those farmers whose equity position is less than 10 per cent. In replying to our statements and in the House, when he read out the letter he wrote to Allen Wilford, the minister said he just could not justify spending taxpayers' money to assist farmers who could not prove viability in connection with their operation.

In a sense I guess I could agree, but in a sense I think assistance should have been provided to those farmers with operating capital so they could at least have put their crop in. That crop is going to be worth something when they harvest it—it would not be a dead loss—whereas now

they tell me that these farmers are going to be letting their land stand idle this summer because they were not able to get operating capital to buy the seed, the fertilizer, the chemicals and everything else they use to grow that crop and to harvest it.

How much do you figure you would really be losing if you were to assist farmers with operating capital, even though they cannot prove viability at this stage of the game? Would you really be losing that much if you were to provide assistance, let them put their crops in and let them harvest them? In the meantime, they would probably be making their own arrangements about either refinancing or getting out of the business.

Mr. Swart: Mr. Chairman, I wonder if I could make a point of order. I agree this is a really important area, but if we are going to stick to the votes at all, this does come under vote 1904, all the details of the farm tax reduction program and the Ontario farm adjustment assistance program. I thought there was agreement on it. To me it is an important issue.

Mr. Riddell: I thought it was an item under administration, because it is—

Hon. Mr. Timbrell: I do not mind answering it. I guess vote 1901 always does tend to be a catch-all.

Mr. Riddell: I will leave it. If you want to answer it, then I will let it go for now.

Mr. McKessock: I would like to clear up some questions about OFAAP.

Hon. Mr. Timbrell: I discussed this several times in the House, and in your absence last week we had a good discussion on it with your colleague, Mr. McGuigan.

First, we will entertain, and have entertained and approved, applications of farmers who have less than 10 per cent equity. In 1982 something like 60 cases were approved. In 1983 there have been 14 so far.

The order in council under which we operate does not allow us to entertain an application where the person is in a negative equity position. I do not know whether your position is that we should entertain them or not, and perhaps we should clarify that, but we do go below 10 per cent.

In those cases we require that the local agricultural representative include, as part of the assessment, an indication of whether this person has, notwithstanding his very small equity, demonstrated an ability to manage the farm

operation in such a way that he is likely to maintain his position or perhaps improve it a bit.

In my meeting with Mr. Wilford and company, and one of your colleagues was there, he was basically talking about cases where they are in a negative equity position, where there is no equity at all; in fact, worse than no equity at all.

Mr. Miller will tell you I questioned him on that at several points during the meeting and, in effect, he was saying, "Ignore that." He said, "Forget about the existing debts," and his words were, "We will look after that in some other way." I think I am correct in saying those were his exact words.

When I questioned him I asked: "Are you saying, then, that we should not consider viability at all as a criterion? We should not take into consideration any of the outstanding debts on that type of farming operation?" In essence, his answer was, "Yes."

As I say, the order in council requires us to deal with applicants who have some equity left. I pointed out in the House, in answer to a question from Mr. Swart a few weeks ago, that even in Manitoba where they have a program, it is not the same as the Ontario farm adjustment assistance program, but they have a farm credit program, they require a minimum of 20 per cent equity. Our program is stated as 10 to 60 per cent. It was broadened from 10 to 50 per cent to 10 to 60 per cent a year ago in March, but we do go below 10 per cent.

I would be interested to know if you are saying that we should be standing behind lines of credit and approving grants for interest rebates in cases where they are in a negative equity position? Is that your position?

Mr. Riddell: What I am saying is that rather than having the land stand idle—if this is the case, and I am told it is—surely the government could come up with sufficient assistance so the farmer could get the crop planted. There will then be a crop to harvest in the fall, which will mean money that is going to have to be returned to the lending agency, whether it be the government or the bank.

That is maybe the time to tell the farmer: "You do not have a viable operation. We cannot lend you any more money, so you had better be making other arrangements." But if you cut the farmer off now, I mean, who is going to farm the land?

Hon. Mr. Timbrell: First of all, you know better than I do that there is always some land that stands idle, for whatever reasons—family

circumstances, ill health, whatever. It is not as though all the land is cultivated every year.

Second, you have not really answered my question; are you saying that we should be approving grants and standing behind lines of operating credit in cases where there is no equity left at all—in fact, negative equity?

I want to point out to you, as I pointed out to your colleague last week, that in every case where we entertain an application, the question of viability is an objective judgement call by people who have no vested interest in the matter. That is to say they are not civil servants; they are not people who are trying to defend the program by limiting the spending. They are people, some of whom you know, who are well respected in the agricultural community for their ability and for their judgement.

They simply look at the facts on each farm—what happened there last year; what the farmer is proposing to do this year—and what they know, from current market indications, of the likely prices for certain commodities at the time of harvest. They say this either makes sense or it does not make sense. Given all the obligations the farmer has to meet, what he is likely to have to pay in input costs, what he is likely to receive for his yield, it either makes sense or it does not make sense.

Each one is an individualized and objective assessment and decision, but it comes back to—and this a crucial point in the discussion that we had with Mr. Wilford and his colleagues—are you saying the government should be granting money or standing behind lines of credit in those cases where they are in negative equity?

Mr. Riddell: I am sure a lot of farmers are like myself. When I started farming I did not have one red cent to put down on the farm. I had to even borrow the 25 per cent the Farm Credit Corp. asked for before I could get a Farm Credit Corp. loan. So, I had zero equity, and a lot of young farmers who started had zero equity, but they made it.

All I am saying is that a lot of young farmers who got started within the last two or three years never dreamed that they would be looking at 20 per cent interest charges and low commodity prices such as there were last year, which put them into a very unfavourable situation, as you well know. I am saying that if times were the same as they were five to 10 years ago, those farmers would have made it with no equity to begin with.

Now we have these farmers who have no equity, as you talk about—

Hon. Mr. Timbrell: I am talking about negative equity, and I basically put the question to you again.

In a case where the person is in a negative equity position, if, based on the farm plan they submit, the best judgement of the people sitting on the provincial decision committee is that they are likely to end the year, once they have taken off the harvest and sold the product, even further in debt—even further in debt, that is what we are talking about—are you doing that individual any favour by putting him further into debt, digging a deeper hole, as I put it to you in the House one day?

What you are saying is, do not give him the bad news in the spring, give him the bad news in the fall, when he may be even more in debt.

Mr. Swart: I do not think that that is the real issue. This all depends on the definition of equity. That definition first of all depends on farm value, which varies very dramatically, and a person who had equity two years ago may not have equity now because of the decrease in the value of farm land.

Projected equity depends upon the value of the crop, and you may make some estimate of the value of that crop; it may be accurate and it may not be too—

Hon. Mr. Timbrell: Not in calculating their present equity. No. Very wrong.

Mr. Swart: But there, Mr. Chairman, is the definition of equity.

In your own statement here last week, Minister, you pointed out that there was no question that the banks and other major institutions and lenders could be faulted for the ways in which they dealt with credit, not just with farmers but in general in this country in the latter part of 1980. You went on to say that they lent out credit almost indiscriminately, two or three years ago.

Hon. Mr. Timbrell: I do not think I used that word. Do not misquote me, please. I do not think I used the word “indiscriminately.”

Mr. Swart: No, you did not use that word, but you said we have been finding over the last 15 to 16 months of the Ontario farm adjustment assistance program that a great many questionable loans were made—those were the words you used.

If those were questionable loans that the banks made to farmers—and bankers are supposed to be top-notch businessmen, they should not have made them—do not those banks then have some responsibility, even though the equity

at this time, because of lower land prices? There are all kinds of reasons; even farm equipment is not worth as much now as it was a year ago, there is no demand for it and you cannot sell it. Surely it is worth the risk. That is really what we are talking about; the degree of risk.

What the member for Huron-Middlesex (Mr. Riddell) and I are saying is that, at this time, you must be willing to fund much greater risks. Banks must be willing and you, under the Ontario farm adjustment assistance program, should be willing to fund and to guarantee much greater risks than you would have a year or two ago. I think that is what we are saying; it is what I am saying, at least, anyway.

Hon. Mr. Timbrell: I have to tell you that, if you compare program to program, we are taking much greater risks with our program than your party is taking with a program in a province it governs. Their threshold is 20 per cent. We go down literally to a fraction of one per cent.

Mr. Swart: But there is a question of need. If you look at the increase in defaults in any of the western provinces, if you look at the number of bankruptcies compared to the census farms in Ontario, there is the greater need in Ontario because you have not provided the other programs to assist them.

Hon. Mr. Timbrell: I think you will find that the increase in failures in the farm community in western Canada was much greater last year.

Mr. Swart: Not last year, the start of this year, and the increases are, proportionately, still less compared to the number of census farms. It is Ontario that is having the highest degree of bankruptcy, whether in the last year or the year before. Last year it was 43 per cent, this year it is 40 per cent to date. Yet it has only 25 per cent of the census farms.

Hon. Mr. Timbrell: I had some figures here before on the incidence last year. As I said to you last week, there is no acceptable number, surely. You are not arguing that if it was half of what it is now, that would be an acceptable rate of failure, even though the incidence of failure in agriculture is about the lowest of any sector in the economy.

Mr. Swart: I am simply arguing that Ontario farmers are in a worse financial situation than the average in Canada, as shown by almost any figures.

Hon. Mr. Timbrell: Are you saying that it is justifiable for the Manitoba government to hold at a threshold of 20 per cent equity, as compared

to Ontario where we have considered and approved cases with literally a fraction of one per cent? Their incidence—

Mr. Swart: I am saying that—

Hon. Mr. Timbrell: To the end of May, as a percentage of farms with sales of \$5,000 or more, we lost 0.12 per cent and in Manitoba it was 0.10 per cent. It was higher again in Quebec, it was 0.13; it was higher again in New Brunswick, 0.14; Nova Scotia, 0.12; others like PEI, Saskatchewan and Alberta were lower than us; BC was the same as Manitoba, 0.10.

What I am telling you is that where your party has responsibility for government, the criteria they are using appear to be much tougher than what we are using, but I come back to the question I put to both of you.

I recognize that equity is something that will fluctuate depending on the value of the land, the buildings, the equipment, the quota, the livestock, whatever is on hand at that time. In those cases where both the negative equity and the projections made by these objective people who sit on the decision committee are that they are likely to be in an even worse position by the end of the year, are you saying that we should still be granting money and guaranteeing large credit?

Mr. Riddell: I would want to know what they are basing their predictions on, because if the farmers are allowed to put their crop in, and if they are going to send their crops to the market, such as some farmers have done—some farmers tell me that they have some of their corn sold now at \$3.30. They have some of their soybeans sold at \$7.40, which is a heck of a lot better than the \$2 or \$2.50 for corn that some of us took last year.

11 a.m.

I cannot see how the farmers are going to lose any more money if they get the crop in and harvest it and sell at those prices. They have to make the decision, or have the decision made for them, that they just simply cannot continue to operate because there is no way they will ever get viability back again. Why close in on them now when they should be getting that crop planted?

Hon. Mr. Timbrell: That is what I am saying. In every case which is considered, all of those things are taken into account. If the farmer has forward contracted a third, a quarter, a half, all of his crop, then that is put down on the positive side. Everything that is known and can be reasonably projected into the fall about an individual case is considered in arriving at the

subjective assessment of his prospects for the year.

You talk about taking risk. We have taken a lot of risk in a lot of cases. Witness the fact that we have had to pay already on some guarantees and we will likely have to pay on others.

Mr. Riddell: Well, \$15 million spent out of a total of \$60 million does not seem to me to be much of a risk.

Hon. Mr. Timbrell: I do not know whether you were here last week or not. I mentioned that this is a classic example of a trap that governments get themselves into.

When the program was started—we would never run a program like this—we had no way of knowing how much money would be needed or how many would participate, so some estimates were made. There was an estimate of 5,000 participants, and we ended up last year with about 3,500 to 3,600. That is about four per cent or 4.5 per cent of farmers, depending on whose figure you use about the number of farms. If you use some of the lower figures that are around, it is actually closer to five per cent.

We probably would have been better—and we would be better in all cases of new programs where we really have no experience on which to, in any way, accurately project expenditures—to budget one dollar and say we will spend what has to be spent. Here are the criteria, here are the benefits available and we will spend what has to be spent.

Governments constantly fall into that trap. If the estimates are low, you fellows jump all over it and say, "Look at that, you are not meeting your obligations, you are not living up to your commitment." If the estimates are high, what we will spend in the actuals are low. You never mention those cases where our estimates are low and the actuals are high, where we spend more where we guessed wrong on the low side—you never mention those, unless it is a program you do not agree with.

Mr. Chairman: They do on some.

Hon. Mr. Timbrell: That is what I just said; it is a program they do not agree with.

Mr. Chairman: I wonder if there is anything else on OFAAP before we move on, bearing in mind you have a full day or a full session in which you are probably going to talk about it.

Hon. Mr. Timbrell: I still have not had an answer to my question.

Mr. McGuigan: Can I try to answer it?

Hon. Mr. Timbrell: Okay.

Mr. McGuigan: If I can answer my colleague's question now.

When you follow the scenario you outlined; that there is no equity—

Hon. Mr. Timbrell: Or negative equity.

Mr. McGuigan: Or negative equity, either one. The interest is going on and in spite of the fact that they might be getting a fair price for the commodity, the corn or soybeans, it will still be a nonprofit situation.

I can accept that. It is going to be a nonprofit situation because of the horrendous interest charges that are added to the whole affair. It could very well end up worse because of the tremendous interest charges.

But if you look at the other side of that, if that land is not planted, it is not likely that it is going to be sold this summer. If a buyer does buy it this summer, he is going to discount it for the interest until he can get a crop in it. So it is going to go through a period of a few months where the interest is going to be lost by someone. It is going to be lost by the creditor or the eventual purchaser—no, it will be lost by the creditor because the purchaser will discount the price of the farm by virtue of the fact that, for that first year, he will not get a crop from it. He will not get a crop until the fall of 1984. Interest is going to be lost.

Really, that is what the farm survival people were saying: set that aside and grow a crop on it this year, a crop with which one could suffer very little chance of loss. Then, in all likelihood, they can wind it up, unless a miracle does happen.

Hon. Mr. Timbrell: No, that is not what they are saying. They are not talking about that at all. It is not part of their position.

Mr. McGuigan: I think that this is the only part of the position I would support. However, it seems to me that you would have to make an announcement this fall that those people who were in the 10 per cent category or less had to have their applications in by a certain date. There is a very good likelihood that they could be turned down, and that they would have to get out of agriculture.

Hon. Mr. Timbrell: Again, there have been cases we have approved. There was one that made the press not long ago. In that case, we had approved assistance under the Ontario farm adjustment assistance program. All the indications were that by the end of the period the producer would likely be—it is a risk; it is a matter of judgement—no worse off, but that he

did not stand much of a chance of improving his position. In that particular case, approval of assistance was granted to help him, in effect, go through one more year and effect an orderly withdrawal.

In the program we are working on with the Ontario Federation of Agriculture, the Christian Farmers Federation of Ontario and the Ontario Cattlemen's Association, if you look at the material the federations are putting out in their brochures, they talk about options or ways in which they would assist some people to make an orderly withdrawal. We have approved cases like that.

In the case I am thinking of, we approved it, and then the man did not live up to what he said he was going to do.

Mr. McGuigan: In that case, I do not think you would find me and several other members here supportive in another year.

Hon. Mr. Timbrell: In that case, I ordered a cessation of the assistance to him on the day he broke his agreement. We do those. That is another element of the risk we do assume in some cases.

Mr. McGuigan: I do not know if my colleague agrees with me, but I think that is all part of the situation from my standpoint as opposition critic, where we can support the farm survival people up to the point of a withdrawal from the system, bearing in mind, of course, that miracles do happen. It happened to me in my farming career a couple of times. I was right on the rocks. Prices changed, things happened and there I was. It does happen.

Mr. Riddell: That is the point I am trying to make. Give the farmers a chance and they will do it. The ones who cannot do it will realize that they cannot and go out on their own volition.

The thing we forget is that we rushed in as a government and bought 25 per cent shares in Suncor without consulting anyone; the taxpayers certainly did not have a say in it. According to my figures, we are looking at not only \$650 million, but about \$2 million a year to service the debt. It is not going to return any revenue to this province, certainly for years down the road. We can do that, but we can forget about the poor old farmer.

We put \$45 million into Minaki Lodge. It happened to be sitting in the estimates when the minister himself said they would never recover that \$45 million. In other words, that is sent over as an account receivable that eventually will be written off. I just fail to understand how we can

rush in and provide millions of dollars for something we are not going to generate any revenue from, yet we are prepared to turn off the farmer who, if we keep backing him, may well just happen to make it. A farmer is one person who will damn well pay his debts if ever he can possibly do it.

Mr. Cooke: Was Massey-Ferguson viable when we got into that?

Hon. Mr. Timbrell: In the case of Massey-Ferguson, in the assessment that was made and the decisions made by cabinet, what we were looking at was a clear and accurate statement of their then current position and projections of what they could do by way of recovery and regaining their viability.

11:10 a.m.

Mr. McKessock: I am sure the farmers were giving you that kind of statement as to what they could do and how they could go about doing it.

Hon. Mr. Timbrell: Sure.

Mr. Cooke: It was the same with Chrysler. You go in with the big corporations, but you will not help the family farmer.

Mr. Swart: It is all a question of priorities.

Hon. Mr. Timbrell: You always conveniently forget the cases where we have not agreed to assist. I have had those in my own constituency. Companies have gone to the Ontario Development Corp., or whatever. The ODC will do an assessment. In fact, it did one just recently. The ODC did an assessment and said, "From what we can see of what has actually happened in that firm and what we can reasonably project into the next year, we cannot help them." That company is now gone. I did not like giving that company in my own constituency that news any more than I like turning down any individual farm application.

Again, with respect, you ignore in all your arguments the fact that in 1982 we did provide assistance to more than 3,500 farmers. That is a considerable number of people.

Mr. Riddell: If you put that on a percentage basis, what is it? There are 84,000 farmers in the province.

Hon. Mr. Timbrell: As I said earlier, it comes to somewhere in the area of four to 4.5 per cent who were helped. On some of your other arguments, I think people in Sarnia would have a hard time accepting your argument about Suncor when they look at the major new

investment that is going in there, the new cracking plant facility.

Mr. Cooke: Without your investment.

Hon. Mr. Timbrell: I think the fact is that it is going to be a major benefit to that community.

Mr. Cooke: With or without your \$650 million.

Hon. Mr. Timbrell: Your argument is that we should have bought 51 per cent.

Mr. Cooke: That was not my argument.

Hon. Mr. Timbrell: It is your party's argument that we should have bought 51 per cent.

Mr. Swart: It should have been 51 per cent or nothing.

Hon. Mr. Timbrell: Let us not get into that. Nobody is forgetting the poor old farmer. By the time we go through these estimates, we will cover a host of programs where the government is assisting farmers in a great many ways, some directly and some indirectly.

When we get to it, I would be interested in having your position on one program where we are trying to help the farmers and where we are running into resistance, namely, with the farm tax rebate program. I would be interested in knowing the positions of the respective parties on that. The argument being advanced is not so much whether it should be \$8,000 or \$10,000 or \$12,000, the production criteria or whatever; the main argument being advanced has to do with the principle, and I have not heard any positions.

Mr. McKessock: I am interested in getting into that debate.

Hon. Mr. Timbrell: I am interested in seeing whether either of you is prepared to take a position because, to date, you have not.

Interjections.

Mr. Riddell: That is a misleading statement if ever there was one. I was the only member in the Legislature who got up and spoke, with serious reservations, about that program. I think that perhaps Bob McKessock came in later about the \$12,000 bit. If you go back to Hansard, when we first had a chance—I forget what bill we were dealing with—you will find the serious doubts I had.

Interjections.

Hon. Mr. Timbrell: Was that about the principle of 100 per cent rebates?

Mr. Swart: On a point of order, Mr. Chairman: We have spent half of this session dealing with items, important as they are, that are going to come up in vote number 1904. There are

umerous items which we cannot get at in any of the other votes that come up under administration, and there are some I would like to cover.

This is an important issue. I am not suggesting that the priority should not be in that area, but we do get a chance at that later. I want to talk on the farm tax assistance program, too, but if we are going into it now, we will not have any time left for the other issues.

The Vice-Chairman: I think Mr. McKessock wants to continue on with OFAA.

Mr. McKessock: Thank you, Mr. Chairman. It is my observation and contention that OFAAP has been a disaster to farmers. I would rather you sent your people out into the country and talked to the farmers and the bankers than have them go back through your files to see how many times I have written to you over the last year.

Hon. Mr. Timbrell: We have been doing that; for 18 months we have been doing that.

Mr. McKessock: It is my contention that the banks have not lent a nickel more under this guarantee program than they would have if the program had not been there.

Hon. Mr. Timbrell: The point is that they have not lent less either.

The Vice-Chairman: Just a minute. We have a short of time. Would you make your presentation and then the minister can answer your questions at the end instead of back and forth every 10 seconds?

Mr. McKessock: I appreciate that. You say they have not lent any less, but the thing is they have not lent any more and all they have done is held up credit. That is the big problem with this program. Last year the rebate was fine, that was great, but this short-term guarantee, in my observation, has been a disaster.

You mentioned that I should bring these individual cases to you. To me that is an exercise in futility. I will go back to the case I brought you last Christmas. Back in the middle of December, just before the House closed down, I brought before you the case of Alex Torrie, who wanted to get in on the guarantee of the 1982 program.

He had not applied for that at the start; he applied for the rebate but not the guarantee. You told me at that time, "It's too late. He should have applied for it at the beginning of the year. Now he has to wait until 1983 to apply for the guarantee." You assured me that the applications would be out in two weeks time; that was December 15 or 16.

Those applications were received in February. His accountant had to make up two projections. He did one in December, assuming that they were going to be able to apply in December, but they were not because you said it was not the proper time and that they could do it in 1983. Then again they had to make up the projections and cash flow for 1983, which they did, and presented them to the bank in March.

Mr. Torrie has applied for only a \$60,000 guarantee. My feeling is that if this program were not in place, he would have had this money long ago, but the banks are saying, "If the government is going to guarantee it, we want to put it under the guarantee program." If the program were not there, they would get the money anyway.

Mr. Torrie has just had a farm credit refinancing of a 20-year mortgage loan approved, and it is under the four per cent reduction, so there is no question about the viability. This was all done after he applied for this guarantee under OFAAP. Farm credit has moved out ahead in this case and he has already got it approved, whereas his OFAAP is still not approved.

Hon. Mr. Timbrell: Could I just ask about that one? How can you say he would have had the credit approved long ago when you know that lenders, on a daily basis, are approving credit for farm borrowers without any reference to OFAAP? On a daily basis, in all the branches out in the farm community, they are dealing with customers.

Mr. McKessock: And they would be dealing with them all like that if it were not for the program.

Hon. Mr. Timbrell: How can you say that? It would seem, based on our experience last year and this, that in many cases they would be dealing with them very quickly. They would be saying, "No, we are not going to give you any credit this year."

With the farm assistance adjustment program available in what they would consider to be marginal cases that they would not look at, that they would have given short shrift to, those producers have the chance to get credit this year with the government guarantee behind them. We are on the hook now for something in the order of about \$35 million in guarantees of operating credit.

11:20 a.m.

Mr. McKessock: It seems to me—

Hon. Mr. Timbrell: That is right. I do not think you can make that kind of case.

Mr. McKessock: That is what I said. If that kind of program is there, they are going to use it, but it is holding up credit. Fortunately, the suppliers he has been dealing with for 20 years have been good to him. They given him the fertilizer, the seed and his gas on time. He keeps telling them, "At the beginning of May, I am going to have this Ontario farm adjustment assistance program through." Then he says, "At the beginning of June, I am going to have it through."

They are getting so that they do not believe him. Last week the gas company said to him, "No more gas without cash." This is very embarrassing to him.

Hon. Mr. Timbrell: I will check on the details of that individual case, but I would have to believe that at some point either we required more information from Mr. Torrie or from the bank or from somewhere along the way.

Mr. McKessock: This is what I am saying. The thing takes too long. It holds up credit.

Fortunately, the farmer is in a position that his suppliers give him the seed. The ones we were talking about earlier could not get the seed until they got the money. If he had to wait on this money, he would not have his seed in the ground either, but he has. Without the program, he would probably have—

Hon. Mr. Timbrell: I can only tell you—I was just checking with Mrs. Bardecki here—we are still running about two weeks on average, once we have got all the information with the application, in getting a case processed by the provincial decision committee.

Mr. McKessock: I can tell you where this application is. It is at the head office of the Bank of Montreal in London. I do not care whether it is Ministry of Agriculture and Food people who are holding it up or the bank that is holding it up. It is still the OFAAP program, and if it is the kind of program where the bank can hold up assistance for months, there is something wrong with it.

You can say that you process in two weeks. Fine, but if the bank holds it up for two months, there is something wrong.

Hon. Mr. Timbrell: There must be something wrong or they would not be holding it up for two months.

First, will you accept this: The program is a joint venture of government with the lenders, whether it is the banks, the credit unions or the trust companies who are involved. In fact, they

are both prepared to take a risk on individual cases.

There have been cases—Mr. Riddell has from time to time drawn cases to my attention. I guess since the beginning of the program or since I came to the ministry, there must have been at least a dozen cases.

Mr. Riddell: And I appreciate the immediate response.

Hon. Mr. Timbrell: Thank you. I hope that is on the record. Is your microphone open?

Mr. McKessock: Has the farmer got his money yet? That is the issue.

Hon. Mr. Timbrell: Yes. You cannot generalize, with respect.

Mr. McKessock: I am not generalizing; I am giving you a specific case.

Hon. Mr. Timbrell: You are. You are sitting there saying that if it were not for the program, these guys—this guy in particular, but you are still generalizing—would have got credit long ago. On the other hand in a great many cases, they would have got a decision very quickly and the answer would have been, "Go away. We are not going to deal—"

Mr. McKessock: What is the difference between a fast decision and a slow decision?

Hon. Mr. Timbrell: You are, again, trying to leave the impression, I think, that they are all taking a long time. They are not all taking a long time. There are cases where the banks are reluctant; that is true.

There is a case in point. Mr. Riddell brought a case to my attention yesterday—I am not sure whether it was reviewed by the provincial decision committee yesterday or whether it is going to be done today—where there was some concern that even though the application and all the facts were in, the bank might not give them the credit.

I told him by way of a note, and I signed a letter to him on the same matter last night, that there are any number of cases where, based on the information provided to the provincial decision committee, we think it is viable, we think it is one that we could stand behind and we do have to go back after the lender. We have done that. We have gone back and mediated with the lenders who have been skittish about a particular case, to get them to flow the credit.

Mr. McKessock: It is a well-known fact that the banks do not like the program.

Hon. Mr. Timbrell: They what?

Mr. McKessock: They do not like the program, so they do not do too much—

Hon. Mr. Timbrell: I do not think it is a well-known fact. What are you basing that on?

Mr. McKessock: Talking to bankers.

Hon. Mr. Timbrell: The banks appeared before the finance committee or the agriculture committee on Bill C-653 and went on in great detail about how this was the kind of program they think governments across the country should be implementing.

Individual bank managers may not like it because it means more work for them, for their accountants and their credit managers. They may not like that aspect of it, but that is too bad.

Mr. McKessock: It is too bad for the farmer if they slow the thing up. Why does the head of the bank not then get on to his managers?

Hon. Mr. Timbrell: Again, I remind you, and I think Mr. Riddell will confirm this, where any of you have brought to my attention, to the attention of Mrs. Bardecki, the deputy minister, or Dr. Benson, the assistant deputy minister, or any of my staff, cases that have been delayed, however or wherever—

Mr. McKessock: What is this? Is December 15 to June 15 not six months?

Hon. Mr. Timbrell: Are you telling me that since we last spoke about this gentleman in December, you have drawn the delay in the application to our attention in the ministry?

Mr. McKessock: I drew it to your attention last December.

Hon. Mr. Timbrell: In December, before he had applied. Are you telling me that since he applied for 1983, you have drawn to our attention the fact that there has been a delay?

Mr. McKessock: I am not sure whether I have or not.

Hon. Mr. Timbrell: I do not think you have, with respect. Please check if—

Mr. McKessock: How many times do I have to bring the same case to your attention? You told me that it would be looked after within two weeks.

Hon. Mr. Timbrell: Come on now. The man had not yet applied when you spoke to me. All I am saying is that the doors are open. Your colleagues have found that the door is open.

Mr. McKessock: I presented the case to you.

Hon. Mr. Timbrell: You have done it just this morning, and the staff will be following up immediately to find out what the problem is. We

cannot have people sitting in every branch of every bank, trust company and credit union in the farm community looking over their shoulders. That would not be proper, anyway, even if we had the staff.

Mr. McKessock: I did not assume that I had to keep on top of this thing every minute because I followed your instructions last December.

Hon. Mr. Timbrell: I would, as a local member. If I had talked to a minister about an application before it was submitted, and then it was being delayed after the fact, I would have spoken again to the appropriate minister.

Mr. McKessock: I just bring it to your attention when it is brought to my attention.

Hon. Mr. Timbrell: Then we will follow it up as a result of your raising it this morning, just as we do on every single case that every member or farmer refers. Farmers call my office. Local federation people call the office. We follow up on every single case as soon as we hear about it.

The Vice-Chairman: Do you have anything else other than that which you wanted to discuss at this point?

Mr. McKessock: No, that is fine.

The Vice-Chairman: Anybody else?

Mr. Riddell: To go back to the budget, are we leaving the Ontario farm adjustment assistance program?

The Vice-Chairman: Yes.

Mr. Riddell: I have just one thing about the budget that I do not quite understand. It is in connection with salaries, wages and benefits. If you turn to page 3 of the estimates presentation, the ministry—

Hon. Mr. Timbrell: The book?

Mr. Riddell: Yes, under salaries, wages and benefits, the 1982-83 estimate is \$47.3 million. The 1982-83 results are \$55.6 million, which are about a 17 per cent increase, according to my figures. The 1983-84 estimate shows \$52.1 million, which is a reduction of \$3.5 million.

Hon. Mr. Timbrell: Which one was that?

Mr. Riddell: Are you with me? Under salaries, wages and benefits?

Hon. Mr. Timbrell: Yes.

Mr. Riddell: In 1982-83, \$47.3 million; 1982-83 results, \$55.6 million, which was about a 17 per cent increase; 1983-84 estimates, \$52.1 million, which is a reduction of \$3.5 million.

If you turn over to page 65, where staff resource groupings start—flip over two pages to

67—total staff, at the bottom, is 1,549. In 1982-83 it was 1,557. In subtracting those numbers, we find that there are eight fewer people on your staff. Are you telling me that the eight-person reduction in your staff represents \$3.5 million less?

Hon. Mr. Timbrell: No. If I am, I would like one of those jobs.

Mr. Riddell: Then I would like to know how you account for the \$3.5 million less for staff.

Interjection.

Hon. Mr. Timbrell: You have been trying for five elections, or four—four provincial and one municipal.

There were some retroactive awards in 1982-83. How much would that have accounted for? I will get you the exact page: \$3 million or \$4 million of retroactive awards in the actual spending.

Mr. Riddell: What do you mean by retroactive awards?

Hon. Mr. Timbrell: Where salary increases were arbitrated or awarded for a period that began before the beginning of that fiscal year. What is it?

Interjection: January 1—

11:30 a.m.

Hon. Mr. Timbrell: That would be the main difference there in salaries, wages and benefits and, to some extent, on direct operating expenses.

Interjection: And on casuals?

Hon. Mr. Timbrell: And casuals, yes. Because of programs like the Ontario farm adjustment assistance program and the farmstead improvement program as well, we have had to engage a number of casual people, so that it would all be reflected there on both counts.

Mr. Riddell: I think I will end there. Since this property tax rebate is a new policy, does that come under this first vote, under administration, or will we be dealing with that in another vote?

Hon. Mr. Timbrell: That is in 1904.

Mr. Riddell: Okay. I think those were the things about the budget that I did not fully understand. If some of the other members want to question the budget, I will stand down.

Mr. Swart: I would like to have the minister explain his estimate of \$30.5 million this year on OFAAP, given that—at least if interest rates do not change substantially—you are paying very little. I think it is between \$50,000 and \$100,000 that you have paid in the fiscal year to date

under part 2. Correct me if I am wrong. Your statement is that you have guaranteed \$31 million. How is that estimate of \$30.5 million broken down?

Hon. Mr. Timbrell: Basically, it is a guesstimate of what could happen. One does not know what is going to happen to interest rates this year, whether they are going to go back up.

As you know, some economists are predicting that they will, in which case option B of the program would be utilized more than current trends would indicate. Our exposure with respect to guarantees is standing at around \$35 million and growing with each day that the provincial decision committee sits. That option is being used more extensively. We are, to use your own words from earlier, taking a number of risks.

Mr. Swart: How much of that is estimated to be in B and how much is estimated to be in C section of your program?

Hon. Mr. Timbrell: We did not split it.

Mr. Swart: You did not break it down and you did not make any estimates of how many guarantees you would anticipate giving over the current year? I realize the difficulty in all this. In fact, it is a figure picked out of the air.

Hon. Mr. Timbrell: We started the estimates, I suppose last August. We will be starting them for 1984-85 within the next eight or nine weeks. You will recall what interest rates were like at that point.

I would not say the figure was pulled out of the air. It was thought to be a reasonable estimate of what could be required in a worst-case scenario, if interest rates persisted as they were when the estimates were formulated or got worse than they are now and we had a significant run on the guarantees. We could be under or over. A lot depends on what happens with those guarantees which, as I said, are growing daily.

Mr. Swart: Would it be right to say that in the two months to date your actual payouts—I had the figures, but I am going from memory at this point—would have been less than \$1 million?

Hon. Mr. Timbrell: I will get you the figures for what we would have paid out to date. We paid out \$1.5 million on the guarantees. How much on the interest rate reduction?

Mr. Swart: Less than \$100,000.

Hon. Mr. Timbrell: The figures I will give you are since the inception of the program. This does not break it down. Since the beginning of the program we have paid out—and this is to

June 10, last Friday—\$17,816,815.99 on option B. That is the interest rate reduction, the bulk of that being last year.

We have paid out \$1,996,875.67 on option C, the guarantees.

Mr. Swart: Since the inception?

Hon. Mr. Timbrell: Since the inception of the program. I am just looking at the numbers. For this year, we have had a total of over 500 applications approved—no, I am sorry, that is on option C. We have had 513 applications approved on option C this year; 731 on option B; and four on option A.

You want the dollar figures on option A. That is the deferred interest guarantee; \$212,000. That is the total amount guaranteed. On option B we have approved interest rate reductions on roughly \$144.2 million.

Mr. Swart: I was interested in what you have paid out.

Hon. Mr. Timbrell: The additional credit is on about \$34.2 million. That is just this year.

Mr. Swart: I am interested in what you have paid out this year, what it cost you this year; not what you have guaranteed, but what you have paid out in the two months of this year.

Hon. Mr. Timbrell: About \$75,000 on option B is what we have paid out and because we are into a new year, we have not had any calls yet on option C. As I said, the total amount we have guaranteed to this point is a little over \$34 million. Last week alone, we approved applications involving over \$2 million—just in one week—of operating credit.

Mr. Swart: Whether it is a 75 per cent, a 50 per cent or a 100 per cent area, where these people fit with regard to the guarantees—

Hon. Mr. Timbrell: I can give you the figures there if you want.

Mr. Swart: No, I am not interested in the figures. I am interested in the principle of this. You will be recovering from the equity down the road some place where you have a loss; is that not correct?

Hon. Mr. Timbrell: From the farmer's equity?

Mr. Swart: Yes.

11:40 a.m.

Hon. Mr. Timbrell: In each case, the lenders are required to exercise all of their legal rights before they come to us for any part. In each individual case that is approved, we are, in

effect, standing behind 100 per cent of the credit in question; of the total portfolio of any individual.

Mr. Swart: Yes, I understand that.

Hon. Mr. Timbrell: You are familiar with that breakdown.

Mr. Swart: What I am getting at is this: in most of the guarantees you have given, you do have a fairly substantial equity out there which you can recover at some point.

Hon. Mr. Timbrell: We do not have any equity.

Mr. Swart: That guarantee is nothing that you or the bank can recover? If you give a guarantee and the farmer borrows \$100,000 and he has \$100,000 of assets and the bank recovers maybe only \$90,000, you lose \$10,000 if you have given the guarantee. Is that not correct?

Hon. Mr. Timbrell: Yes.

Mr. Swart: That is right, so when we say you have \$35 million out there at present, the chances that you would have to pay out that \$35 million or any major portion of that fund is very slim.

Hon. Mr. Timbrell: I do not know how you can say that. The fact is that amount is growing fairly steadily. Last week alone, as I pointed out to you—

Mr. Swart: I know it is growing.

Hon. Mr. Timbrell: —it was almost \$2.5 million in one week alone.

Mr. Swart: You give more guarantees than loans. When it comes to having to pay out that money—

Hon. Mr. Timbrell: Maybe the deputy can give you some additional information that might be helpful in that regard.

Mr. Allan: We assessed our portfolio before we extended the program. Around September or October of last year, we went over all the accounts with the banks for our outstanding guarantees. Without the extension of the program which obviously spreads the risk from other years, rolls it over, we were making conservative estimates that 25 per cent of our outstanding guarantees were going to be called and lost. We were looking for losses between \$12 million to \$15 million for payouts that we had not realized anything on, net payouts of about \$12 million to \$15 million on the basis of the 1982 program.

You can take a look at the risks associated with this. Clearly, we are in a very high-risk business. It depends. If you keep turning the

program over or extending it and trying to bridge to better times, the risks slowly reduce the longer you run the program and the more you hang in, particularly if you guarantee the same amount. As the new business comes in, believe me, there are high risks. My assessment is that you are talking about 15 to 25 per cent at any time as what you would put down as a bad debt or potential losses from these guarantees.

Mr. Swart: I think the very figures you give there help my contention. Using 15 to 25 per cent of the \$35 million which is out at present, you are talking about \$6 million to \$8 million which is at risk.

Mr. Allan: It is all at risk.

Mr. Swart: According to your figures, there is the probability that you will lose in the neighbourhood of \$6 million to \$8 million on that \$35 million. We have \$30.5 million put in the budget. The likelihood that you will use that money is very slim.

Hon. Mr. Timbrell: Only five twelfths of the calendar year are gone. Only a quarter of the fiscal year is gone. I remind you that the clock keeps ticking in terms of the growth and the amount of money behind which we are standing. The potential drawdown on any guarantees given can extend as far as the calendar year 1984, depending on when the application is approved.

It keeps coming back to the basic point that when we started the program we had no real experience in that sort of program and no way of knowing exactly how many would participate or exactly how much it was going to cost. It could end up costing us less than the \$60 million; it could end up costing us more than the \$60 million.

Mr. Swart: I realize that. Last year you had \$31 million in the budget. You used up \$18 million of it. Practically all of it, for obvious reasons, was in the interest subsidy or B section of the program. This year you have put another \$30.5 million in the budget which we have before us. Unless there are pretty dramatic changes, you are not going to be using anything like that whole amount.

Here is a specific question: it would appear obvious that this is the time of the year, in the spring, when you are likely going to have the greatest demands on the guarantees. This is when people are borrowing to invest in their crop. Once the fall comes, the likelihood is that—

Hon. Mr. Timbrell: We have the biggest demand in terms of the applications, but in terms of the draw, that would be late in the year.

Mr. Allan: I go back to the point that if the program terminates, a guy who comes in on December 1 still has a full year. Depending on the length of time this program runs, we could have thousands of applications coming in in November and December of this year.

If I were a farmer, I would sit there and say: "Gee, I want to hedge against interest rate rises for next year. I want to make sure that I am in for a lot of credit." We could have an enormous surge of applications towards the end of this year.

Farmers are saying: "I have a program out there. Why should I not apply and cover my risks?"

Mr. Swart: Those were the same reasons that were put forward last year with regard to the program. When you have \$39 million in the budget, we do not know what is going to happen. We used only \$18 million.

I guess my question to you is this: if towards the fall of this year we find that the money being paid out by the government has been only a fraction of that, not a large amount, and there is still the problem of bankruptcies and other problems in the farm community out there, are you going to be thinking about some other assistance program for the farmers, or the broadening of this program, to lower the interest rate?

We put \$30.5 million in the budget which farmers think they are going to get this year. If they are not going to get it through the programs you have, are you going to broaden them, as Saskatchewan did—lower it to eight or 10 per cent so assistance will be there to the farmers? If the price of farm produce goes way up, that may not be necessary, but if the need is there, are you going to give consideration to broadening the program?

Hon. Mr. Timbrell: I again remind you of the beginning farmer program where we are putting in \$9 million. That is a new commitment that will be ongoing and will grow by nine per cent every year to the fifth year, when it will be \$45 million a year.

Mr. Riddell: Surely that is part of the OFAAP money?

Hon. Mr. Timbrell: You are talking about need, and you are talking about new programs.

Mr. Swart: Almost nothing has been spent so far this year on that.

Hon. Mr. Timbrell: As I mentioned, in any given year, we normally start to look at the following year's budget priorities and needs in August. Starting in August we will be doing an evaluation of whether there is a need for some kind of a program, whether it is like this or whether it is simply, let us say, on guarantees of credit or whatever it might take, for 1984.

The conditions of the day would certainly influence that evaluation and we could very well be putting forward proposals for some continuation of this or a similar program in 1984.

Mr. Swart: I would predict that you probably will not use \$10 million of that program this year. If you do not, under the present terms of OFAAP, we will putting up a battle to see that that money goes out to farmers, because the needs still exist.

I wonder if I could move to ask for an explanation of another part of the budget.

Hon. Mr. Timbrell: Just before you do, going back I guess to what we talked about earlier, while we did not spend everything budgeted for OFAAP last year, we ended up spending a lot more than was budgeted in total because other needs arose and we met them.

If interest rates were to take off again this year, we could well exceed the \$30.5 million. Who knows? If the demand was there, we would meet it.

Mr. Swart: I think the best—

Mr. Riddell: What else did you spend money on last year that you did not budget for?

Hon. Mr. Timbrell: Crop insurance is the biggest one, but the other one—I guess I mentioned it last Wednesday afternoon—was the farmstead improvement program for which we had budgeted \$5 million and ended up spending over \$13 million. I also mentioned, earlier in the morning, the catch-up on the farm tax program of \$15 million that had not been budgeted for at the start of the year.

11:50 a.m.

Throughout the year, we want to keep as much of the money as possible in our budget to meet needs in the farm community.

Mr. Swart: Can I ask you about the final item in that budget on other spendings? You budgeted last year at \$19.7 million and you spent \$65.8 million. We know why that additional money was spent. This year you are estimating \$29.2 million. What is the increase in that estimate?

Hon. Mr. Timbrell: For the most part, that was crop insurance.

Mr. Swart: Last year; I am asking you what the projected increase is this year, over the estimate last year.

Hon. Mr. Timbrell: What was the estimate for that category last year?

Mr. Swart: It was \$19.7 million; this year it is \$29.2 million.

Hon. Mr. Timbrell: Again that is crop insurance, because of the premium increase.

Mr. Swart: Is that increase your ministry's share of the crop insurance?

Hon. Mr. Timbrell: The transfer payment in 1982-83 was \$30 million, of which we recovered \$15 million.

Mr. Swart: I am aware of that. I am talking about the comparison of the increase in this year's budget to last year's budget; the \$19.7 million to the \$29.2 million.

Hon. Mr. Timbrell: I think the figures—

Mr. Allan: As the premium rate goes up, it is counted as spending. Whatever comes in is premium revenue and it is passed through to us as spending on our account and receipts to the treasury.

Mr. Swart: My concern in this projected budget is that although there is the possibility that some of these expenditures will meet the estimates, the probability is that they will not. Not only are farmers looking at a real reduction in the estimates this year, but in the probable result. Unless there is some kind of an emergency, the reduction will be substantially greater even in the estimates that you have included.

I am not sure if I have any more on the budget. I have a couple of other detailed questions I would like to ask the minister with regard to the brief he received from the United Co-operatives of Ontario.

Mr. Riddell: Well, that will come under marketing, surely.

Mr. Swart: It is not really under marketing. I think it comes under government policy—really, it comes under the administration.

Mr. Riddell: Mr. McGuigan, I know, has questions on the staff reductions.

Mr. Chairman: I had both Mr. Swart and Mr. McGuigan, and I think Mr. McKessock has a couple of questions. I think providing the chair allows you the appropriate amount of leeway

when we get to the vote to make sure we get that on—is that fair enough?

Mr. McKessock: Okay.

Mr. McGuigan: Mr. Chairman, I have a letter from a group in Kent Bridge who are concerned about the reorganization. I think the key paragraph is: "Under the new system, Ian Rumbles will service two counties and 45 per cent of his time is to be directed to 4-H agricultural clubs, 55 per cent of his time to other rural organization services. From these figures, 4-H is getting cut from 120 per cent of staff time to 45 per cent for two counties, or 22½ per cent for each county. This statistic is very alarming."

The question was asked by the member for Haldimand-Norfolk (Mr. G. I. Miller) on May 6, 1983: "Can the minister assure us that there will be no cutbacks in staff at the local offices, such as the ag-rep office at Cayuga in Norfolk, and other areas around Ontario?" The minister answered, "To answer the question, we are not planning to cut services to the rural communities."

Then I have an answer from the minister which sort of describes their policy, and so on. It does not refute the charge that they are being reduced from 120 per cent to 22½ per cent. It seems to me there is a factor that the minister has perhaps forgotten in this reorganization.

It may, from a front office point of view, make sense to do some of this redistribution. However, in the field, there is a lot of friendly rivalry between counties and groups. Also, the young people get attached to the worker. The worker inspires them to do their best, to put forth their greatest efforts in the project being carried on. When you cut that, you are—at least for this year, and perhaps for a long time afterwards—breaking a bond, which is quite harmful to the overall operation of the system.

They also point out that, with one person sharing two counties, there is a good deal of travel time involved in moving from county to county, which is nonproductive effort.

I think I can see what you are trying to do. You are trying to take a specialist and put that specialist in three or four different places, as opposed to having a generalist in one place, who stays there. I think that is what you are doing, but I do not think enough thought was really given to the effect it would have on the local area.

Hon. Mr. Timbrell: I can tell you that an awful lot of thought went into it. A considerable period of time passed between the creation of the rural organizations and services branch and

the final breakout of staff to it from what had been the extension branch—the ag-reps branch as a separate entity and the rural organizations and services branch as a separate entity. They are now working together in the various county and district offices.

In that particular case, if my memory serves me correctly, we also have a person in Essex who is covering both Essex and Kent, so there are two people covering the two counties.

You are quite right. We have looked at the basic talents of the people involved and how best to apply those talents, whether it be with agricultural organizations or women's institutes and the like, the soil and crop groups and the agricultural component of 4-H as opposed to the craft side and the other programs of 4-H.

Obviously, one of the constraints we were working with in the reorganization of the ministry was that we had to bring it about with the same number of people and the same budget. We were not allowed, any more than the other ministries, to add staff in the course of the reorganization.

You are quite right. It is a matter of trying to use the best talents, to allow them to specialize according to their talents, rather than everybody trying to be all things to all people.

Depending on how it works out in that particular case—as between Essex and Kent, over time—those people may end up developing other skills in the course of their work that will allow them to spend more time in the counties in which they are based and less time travelling. However, we would still call them across the county lines.

Mr. McGuigan: You recognize that you have taken a fairly good gamble as to whether or not the thing will work out?

Hon. Mr. Timbrell: It is the same as if you decide to transfer someone. You talk about interpersonal relationships. If you decide to transfer someone, if you make an associate agricultural representative from one end of the province an ag rep at the other end of the province, that is a gamble. When you move people around, it always is.

12 noon

I think it is good for them, and for their professional development, that they be exposed to different counties. I get a little concerned, quite frankly, when I see how long some people have been in some counties. I do not know if it is necessarily in their best interests, professionally, or in the interests of the people in those

counties. I think it does help to move staff around from time to time.

Mr. McGuigan: I would agree with you in that instance, but it is not quite the same analogy, because when you move an ag rep, you move him to another county. I guess you could say that fortunately, or unfortunately, we do tend to think in terms of counties, and they have been organized that way for a long time. There are a lot of advantages, and perhaps there are some disadvantages, but it is certainly not very easy to overcome.

If you talk to any member who represents more than one county, I think you will be aware that some of the people resent being grouped with that other county, especially if it happens to be a smaller unit of one county that is in with another. It is very difficult to overcome that resentment.

Hon. Mr. Timbrell: I realize that. I come from a county that has originally had a great deal of rivalry with the surrounding ones—Lennox and Addington, Leeds and Grenville, Hastings, Prince Edward. However, we had to take into account the number of staff available, their talents, the farm census, and the volume of work county by county, to try to ensure a fairly even distribution of the work load among the people involved.

In this particular case, the rural organizations and services branch person stationed at Chatham, in your county, has a home economics background. The person who is stationed in Essex has an agricultural background. They will be expected to work together and to move back and forth.

We would rather have that type of arrangement than a person who has, for argument's sake, a strictly agricultural background, who can relate to agricultural groups and activities but has to let the other activities go completely, or can only give them a minimal amount of advice and assistance. The point here is to maximize the number of people being served.

Mr. McGuigan: I do not think anyone in our party is one for spending taxpayers' dollars unwisely, but it does make you a little annoyed when you pick up the paper and see such an item as "Transportation Plan Unveiled to Service Toronto Waterfront." You are talking about \$750 million over 15 years. That is \$50 million a year in 1983 dollars. It makes the rural people a little bit annoyed to think that they seem to be bearing the brunt of economic programs where others do not.

Mr. Riddell: The people in the field were somewhat annoyed as well. They tell me they are looking at cutting some of their programs by virtue of the fact that there is a shortage of staff to carry out these programs. One has to wonder if we are following the example of the centralized school system and the school boards, getting administratively top heavy and leaving fewer Indians to do the work.

Hon. Mr. Timbrell: That is something I always bear in mind. I just point out to you that we have moved a lot of people out of Toronto. We have moved four branches up to Guelph, to be closer to the people they have to work with and whom they serve. We have deployed people such as financial advisers and district managers around the province to be closer to the ag reps and the farm communities with whom they have to deal, rather than being centralized.

I do not favour a centralized system at all, but in the reorganization, sure. I am sure that if I had said to the deputy and the assistant deputy ministers, at the time we set out to design the reorganized structure, "Tell me how many more staff you can use," they could have come up with any number of ideas that would necessitate more associates, more rural organizations and services people, more engineers, more this, more that. That is the problem.

However, it is government policy to keep a lid on the size of the government. In fact, in recent years, we have reduced the size of the government by more than 5,000 positions since 1976.

Mr. McKessock: How many were contracted back?

Hon. Mr. Timbrell: That is total size, as I recall, including contract and crown employees.

Mr. Allan: I think there were about 3,000 permanent civil service positions reduced in the government.

Hon. Mr. Timbrell: The point is it is just not on for any ministry to go looking for additional staff these days. That is not to say that people do not come forward with proposals; they do. The Management Board of Cabinet is charged with the responsibility for keeping the overall size of government in check.

If we are going to give something out in one area, it means that we have to reduce somewhere else in the government, mainly through attrition. The Premier (Mr. Davis) has made it clear; we are not to reverse the trend of the last six or seven years. We are not to start increasing the size of government.

Mr. McKessock: At our first meeting on the estimates I mentioned that the engineers were saying they were going to have trouble. In fact, they were not even going to go out to survey the applications for the erosion control program.

You assured me that day that this was, in fact, wrong. The engineers were going to be directed to go out and look at every farm where the farmer wanted them to look at it. Is this taking place? How are the applications coming in?

Hon. Mr. Timbrell: Dr. Rennie will be here later on. When we get to that vote, he can give you up to date information, but I would not have it at my fingertips. I think we answered it that day, as far as our attitude and our policy regarding that program and the engineering services in general are concerned. As far as the numbers are concerned, Dr. Rennie will be here later and will assist you.

Mr. Allan: If I could interject, I think one of the reasons why you are hearing the feedback from the field is because of the work load. I think there are more professional people in the field than we had a year ago. We have had to cut back on some casuals and temporaries because we had a significant overrun last year to get those temporary programs going.

I would think that our work load is up about 25 per cent, measured by calls, programs, contacts and meetings that we are running. That clearly creates pressure for the existing field staff. We are trying to get a lot more through, but with the same number of people. That shows up, to some extent, with the typing and support staff. I do not think it shows up at all in the technical and professional calls or services.

Mr. Riddell: Once again, it is a case of priority. I think we have to provide the staff to meet a very important demand. We all know that agriculture is becoming a lost cause in our secondary schools. The only exposure the young people are really getting to an agricultural education now is through 4-H work and work with the Junior Farmers' Association of Ontario.

I think we have to pick up that slack. If the Ministry of Education is going to let agriculture go, and feels that it is no longer important to teach agriculture in schools, I think the Minister of Agriculture and Food has to pick that up.

I say that we cannot be cutting back on staff. If a county has a number of 4-H clubs—and they have a tremendous number of home economics clubs—I just say that we have to have staff to meet that demand. They are not getting it elsewhere.

Hon. Mr. Timbrell: We would agree with that. That is why I said that one of the key factors in the decisions on the deployment of staff in the rural organizations and services branch was local demand, the work load in a particular county versus that in the others.

As far as education is concerned, it is not my impression that the Ministry of Education is prepared to let agriculture go. In fact, it is the opposite. They have been working on revising curriculum guidelines that include agriculture.

12:10 p.m.

I have raised this as an issue during 1982. I indicated that we have a strong interest in ensuring that those guidelines accurately reflect agriculture, farmers and farming in the 1980s. We are working with the ministry in that regard.

I had a letter only yesterday from a gentleman representing an organization of science teachers in the province. They are very concerned that these guidelines be updated and be more useful to them in the classroom, supporting what the ministry and I have done in that regard.

We also agreed to put up money from the ministry budget to begin to develop some more up to date and useful teaching materials. You will know, because we talked about it one night. If I recall, you said that when you were teaching you did not really have much available to you. You had to go and get your own materials. That was 20 years ago. There is a lot to be done there, and we are going to be involved in that.

Mr. McGuigan: I think we have covered the subject pretty well.

Mr. Swart: I want to refer to two items in the presentation which I think was made, perhaps, to the cabinet—I am not sure who it was—by the United Co-operatives of Ontario.

Hon. Mr. Timbrell: Was that the March brief? March or April?

Mr. Swart: Yes.

Hon. Mr. Timbrell: That was to the resources committee of cabinet.

Mr. Swart: I am not sure when it was made to you. It was made to us this month, a week or so ago. In any event, you may be familiar with it. One item is certainly peripherally concerned with you, because it affects the farmers.

The UCO complained about their inability to get insurance against environmental risks in the transporting of their chemicals, gasoline, and so on. Are you familiar with this? Have you dealt with this? It seems to me that there is no

question about it being a real problem for the United Co-operatives of Ontario.

Hon. Mr. Timbrell: I think that is being looked into by the Ministry of Consumer and Commercial Relations, but I will see if we cannot find out about that over the lunch break, and let you know when we come back. I think they are looking at that.

Mr. Swart: There are great concerns, and understandably so. They could get into tremendous costs. They are not able to get insurance.

Hon. Mr. Timbrell: I think that the other ministry is looking at that. We have met with the UCO as recently as yesterday on other matters, and we have met with them a number of times since that presentation to the cabinet committee on resources development. They have not raised it with me. I think the other ministry is looking at it, but we will make sure.

Mr. Swart: The other item, of which the implementation, again, will come under the Ministry of Consumer and Commercial Relations, is the Personal Property Security Act amendments the co-operatives want. These two amendments would improve not only their security but the farm operation as well.

One is to give security where there has been a mingling of goods. The other is to change a three-month period to a six-month period, so there can be better planning, yet so they can still get the priority which they now get with the three-month security.

Are you at all familiar with this? Is action going to be taken on this? Once again, it is a major concern, not only to the co-operatives, but to the farm community.

Hon. Mr. Timbrell: Again, to the best of my knowledge, the Ministry of Consumer and Commercial Relations is looking at that.

Mr. Swart: Perhaps you could report back.

Hon. Mr. Timbrell: I do not believe that they have indicated yet whether or not they are going to be making those kinds of recommendations.

Mr. Riddell: They are not asking for a change in the Personal Property Security Act. They are just asking that a change be made in the industry practice. They are asking for an educational process directed towards the Ontario Grain and Feed Dealers Association, but they specify that they are not looking for any changes in the Personal Property Security Act.

Mr. Swart: The member for Huron-Middlesex is referring to a different matter. I have here the amendments which they are actually proposing

to the Personal Property Security Act. Perhaps I could leave a copy with you. I know what you are referring to, but that is not what I am talking about.

Mr. Chairman: Anything else on vote 1901 then?

Vote 1901 agreed to.

On vote 1902, agricultural marketing and development program:

Mr. Riddell: Are we going to start with the marketing section of this vote, or are we going to consider the whole vote? I know Mr. Swart wants to get on to preservation of agricultural land, and I know my colleague, Mr. McGuigan, has some points to make on marketing, as I have.

Mr. Swart: I have some points on marketing too, and marketing comes first in the vote, does it not? It seems to me to be reasonable to do marketing first. Am I right in that, Mr. McGuigan?

Mr. McGuigan: Yes.

Mr. Chairman: We are starting vote 1902 and are going to deal with—

Hon. Mr. Timbrell: Is Mr. McKessock going to be here this afternoon? I have some more information on that case he asked about. Can we do that now?

Mr. Chairman: Go ahead, now.

Hon. Mr. Timbrell: The information I have is that the gentleman in question submitted an income and expense statement balance sheet to the bank in late March of 1983. The bank requested the accountant to supply an OFAAP application and cash flow at the end of March. We were told that the accountant submitted the cash flow and the application to the bank in early May and they, in turn, submitted it from the branch to their credit office on May 20.

Apparently, the credit office has indicated that they will be transmitting a recommendation to the bank by the end of this week, so we can anticipate an application in Toronto by next week.

Mr. McKessock: This is quite a large operation. They did not get the applications out until February and so they lost a couple of months there, maybe—

Hon. Mr. Timbrell: The point of our information—if anybody wants to check our information—is that the income and expense statement did not go to the bank until late March.

Mr. McKessock: That is what I say. It is a

large operation and it takes some time for the accountant to get all this prepared. The fact that the application forms did not come out until well into February meant that they were held up.

Hon. Mr. Timbrell: But I would have thought that even with that—and I am not excusing that—any individual interested in the program—they knew the program was being extended—would have been into the bank or the credit union or the trust company immediately.

Mr. McKessock: Well, they were. They were in as soon as it was possible for them to do it.

Hon. Mr. Timbrell: And giving up-to-date information at that point—

Mr. McKessock: This has all been done but, as I say, it is a large operation and it takes time to get this all worked out.

It is a small amount of guarantee—this is my point. It is a question of \$60,000. Had it not been for the program I expect the man would have had his money long ago. The banks are saying the program is there so they are going to use it.

12:20 p.m.

Hon. Mr. Timbrell: Again, I do not think you can generalize in that way. Whether there was a program or not, they would still have to look at the viability of the operation, as to whether or not they were prepared to extend any more credit.

I can only assume—I think I can generalize to this extent—that in any of the cases that come to us, it is because the lenders feel it is a marginal case and they want some additional guarantee before they are prepared to put up any more money. It would be the same in this case as with every case.

Mr. Allan: Generally, the more supportive the bank is, the faster the application gets in and the process gets resolved. When there are serious questions in the bank's analysis, it takes a lot longer to come through.

Hon. Mr. Timbrell: They have to put the money up front. Even though we are guaranteeing it, they still have to put that money up front, whether it is \$60,000 or \$100,000.

Mr. McKessock: There is another problem here. They brought in the application forms in income tax time as well. The accountants are very busy at the time of year that these applications come out. If the applications had been available at the first of January, this could have been all finished before they got into the big crunch of income tax.

Hon. Mr. Timbrell: You know that in the farm community, as in any other business sector, a lot of them use different fiscal year-ends.

Mr. McKessock: They do, but in this case that is not happening.

Hon. Mr. Timbrell: In his particular case, but you cannot generalize like that.

Mr. McKessock: Most of them still use a regular calendar year.

Mr. Riddell: I have several matters on marketing and I guess we are going to get on to it this afternoon. The two cases I am going to bring up—so you can dig up your files over the noon hour—is the case of the goat producers who did not get paid for their milk—

Hon. Mr. Timbrell: Capracore?

Mr. Riddell: You are right. I want you to dig up your files on that because, as you people know, the goat producers were not satisfied with the decision of the Milk Commission of Ontario. They are appealing it and I trust that would be to the appeals tribunal. Will it?

Hon. Mr. Timbrell: I believe it would.

Mr. Riddell: Who will be hearing the case; the milk commission again?

Hon. Mr. Timbrell: No, I think the tribunal would hear it. I will make sure of that.

Mr. Riddell: The tribunal will hear the case, but apparently incorrect information was provided to the milk commission. I wish I had the letter. I will bring it down this afternoon. I want to deal with this a little.

The goat producers are not going to let this thing die. They feel there has been a great injustice done and they are going to pursue it right to the limit. I will be questioning you a bit on this.

The other case is the producers who sold their cattle to a dealer by the name of Harrow and never got paid. The one producer whose name comes to my attention is a chap by the name of Willemse.

Hon. Mr. Timbrell: Which area of the province?

Mr. Riddell: From the Parkhill area. He was one of the producers who sold his cattle to Harrow who was apparently involved in fraudulent practices, although he is pleading not guilty to fraud. My understanding is that he has elected trial by judge and jury.

This beef producer has phoned me and said, "Look, I am out \$35,000, which could mean I either go out of business or stay in business if there is some kind of help for me."

Hon. Mr. Timbrell: I will have the staff here this afternoon who can deal with it, but I have not heard of that particular case. I would have thought he would have made application to the beef cattle protection fund.

Mr. Riddell: I will check my files.

Hon. Mr. Timbrell: All right, but we will have the staff here this afternoon.

Mr. Riddell: Those are two cases I want to bring up. The one I want to talk about right now is the meeting you had with the signatories regarding the allocation of overbase quota. I am wondering just how much you are jeopardizing the marketing system—not only you, but other provincial ministers and even the federal Minister of Agriculture—by forever bringing this out in public and battling away the way you are. You threatened, a year ago, to pull out of the Canadian Egg Marketing Agency.

Hon. Mr. Timbrell: I did not threaten. Sorry, I want to challenge you. Show me where you think I threatened, because I certainly did not.

Mr. Riddell: You did not at any time suggest that you might have to pull out of CEMA?

Hon. Mr. Timbrell: No, never.

Mr. Riddell: Has one of the western provinces pulled out of CEMA?

Hon. Mr. Timbrell: No. Somebody has given notice of intent to withdraw from the Canadian Turkey Marketing Agency. It was Nova Scotia. British Columbia has pulled out of the milk group, and Alberta has never been in the Canadian Chicken Marketing Agency. I have never, ever threatened. In fact, I would be happy to give you another copy of my remarks.

In my opening statement I made it very clear that we support the supply management concept where it is chosen by the producers. We were there to try to strengthen it, because there are some basic faults in the way the national agencies are operating.

If you look at Mr. Whelan's opening statement, he was even more vigorous in his expression of concern about the way those agencies have been operating. He particularly singled out CEMA for the way in which the chairman of the agency has been totally stripped of any authority. Mr. Whelan did, in his opening remarks, say that if things did not improve, he would have to take a serious look at disbanding the agency.

In my remarks to the conference, I indicated that in our view—not just the ministry's, but that of the producers in the province—the federal minister has not exhausted all the alternatives at

his disposal. He has not put in place an agency at the national level that has the authority to do with the national agencies what bodies like the Farm Products Marketing Board and the tribunal in Ontario have with respect to the Ontario boards.

As the day progressed, that became the issue. At the end of the meeting, the minister indicated that he was instructing staff to look at how the National Farm Products Marketing Council's mandate could be strengthened, so that when they made an order it would stick.

We had a case last year; I guess it was our egg board that went to the National Farm Products Marketing Council with a complaint about the way CEMA was proposing to distribute overbase quota. The National Farm Products Marketing Council held a hearing and issued an opinion—actually an order—which CEMA then proceeded to ignore.

The way it is set up now, they can just thumb their noses at the council, and do it with impunity. That has to be changed.

Mr. McGuigan: Have you given any assurances that, if this were done, you would back up that tribunal which would file a decision?

Hon. Mr. Timbrell: Yes. Some of the other provinces, of course, thought this was big, bad, old Upper Canada coming in to try to get its way again. That is the traditional way in which we are looked at.

I said: "Look. All I want is an effective policing body in place, so that if we are not satisfied with a decision of CEMA, the Canadian Chicken Marketing Agency, or the Canadian Turkey Marketing Agency, we can go to this body. It will be independent, arm's length, with the authority to make a decision of theirs stick."

I said: "We will win some and we will lose some, but at least it will be an independent body that is hearing those opinions." Over the course of the afternoon at that meeting, province after province accepted that position, and said that they agreed.

Mr. Riddell: I agree, too. I think there has to be an appeal process. I agree with you that CEMA has to be brought into the 20th century. That overbase quota is going to have to be allotted on the basis of production efficiency. They seem to be ignoring that at the present time.

I was a little surprised that Whelan came out and said that he would disband the agencies unless they could clean up their acts. I wish that

the ministers, Whelan and CEMA could sit down and negotiate their differences, rather than having the public informed that there is this internal strife.

I stand to be corrected, Minister. I had thought you had indicated at one time that, unless the Canadian Egg Marketing Agency cleaned up its act, you would be prepared to withdraw. If I am wrong, I apologize. I thought perhaps one of the western provinces had withdrawn. I believe I indicated this in an interview I had with the CBC, so obviously I guess I am wrong in some of the facts I provided.

However, the fact of the matter is that we do not want to build up a lack of faith in, or a distrust of, marketing boards by the consumers. I think the marketing boards are going to come under severe enough scrutiny as it is, particularly when they get to looking at quota values and at the restricted business we find some of our farming operations in at the present time. They are going to call for the anti-combines legislation to take effect, and all the rest of it.

I just think that we have to do our fighting within the closed circle, and not to make all this public, because the consumers are really going to wonder what the devil is going on.

Hon. Mr. Timbrell: Ideally, I would agree with you. However, I have to tell you that our Ontario boards, and our staff in the farm products marketing branch, have been making those arguments with CEMA, with the Canadian Chicken Marketing Agency, and with the Canadian Turkey Marketing Agency for years.

It is only because they were not getting anywhere. We saw a decision of the National Farm Products Marketing Council, with which we essentially agreed—we did not agree with all of it, but we thought, "All right, we can live with that"—ignored by the national agency. We felt we had to bring the matter to a head.

To my very great surprise, the federal minister, in his closing remarks, even gave me credit for bringing the matter to a head, saying that this

was needed, that it was time to shake it up. I made the point in the conference that, if they were really concerned about ensuring the longer-term viability of these national marketing agencies, they had to deal with these issues now. If they do not, the resentment which is already built up can only fester into an open sore, which would ultimately lead to the demise of the national agencies.

Mr. Riddell: I quite agree.

Mr. McGuigan: Can I just quote what he says here? "Without a national supply management program, the borders would open, domestic protection would increase dramatically and prices would come crashing down. You could reasonably expect to lose a third of your industry in a year, and the remainder would be controlled by feed companies, processors and multinationals."

Hon. Mr. Timbrell: He was essentially saying: "I have done everything I can. I have pleaded. I have begged. I have done this, and I have done that."

By the end of the day, I think he had to accept that, in fact, he and they and the Department of Agriculture had not exhausted all the possibilities. They, to this point, have not put an effective national agency in place, appointed by and answerable to the federal Minister of Agriculture, and through him to Parliament.

In fact, at a private dinner the night before—the ministers and deputies met with Mr. Whelan—I said: "You know, Eugene, it is like giving a cop a whistle without a pea in it. He can blow it till he is blue in the face, but it's not going to do him any good." That is exactly the position that the National Farm Products Marketing Council is in right now.

Mr. Chairman: It is time for us to get some Ontario food.

The committee recessed at 12:34 p.m.

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Harris, M. D.; Chairman (Nipissing PC)
McGuigan, J. F. (Kent-Elgin L)
McKessock, R. (Grey L)
McLean, A. K.; Vice-chairman (Simcoe East PC)
Riddell, J. K. (Huron-Middlesex L)
Swart, M. L. (Welland-Thorold NDP)
Timbrell, Hon. D. R.; Minister of Agriculture and Food (Don Mills PC)

From the Ministry of Agriculture and Food:

Allan, D., Deputy Minister



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Agriculture and Food

Third Session, 32nd Parliament

Wednesday, June 15, 1983

Afternoon Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, June 15, 1983

The committee resumed at 2:06 p.m. in committee room 1.

ESTIMATES, MINISTRY OF
AGRICULTURE AND FOOD

(continued)

On vote 1902, agricultural marketing and development program:

Mr. Chairman: I will call the meeting to order. We are on vote 1902 with Mr. Riddell.

Hon. Mr. Timbrell: Did you want to deal with those two matters, Capracore and—

Mr. Riddell: Yes. Let me deal with the Capracore matter first. I am going to express my annoyance, to begin with, at the attitude of some of your ministry people.

I wrote a letter dated April 21 to Mr. S. J. Beckley, administrator of the fund for milk and cream producers of the Milk Commission of Ontario, regarding this matter. I have yet to receive the benefit of a response. It has taken a telephone call since then. I had thought I would receive a response after the telephone call but I have not. I fail to understand the reason I cannot get a response to a letter I wrote on April 1. I do not write letters for the fun of it. I do not particularly like writing letters, and when I do, I am damned well want to get a response because I have people who are waiting for that response. Anyway, this pertains to a goat producer by the name of Lynn Sanders who had written to Mr. Beckley, dated May 31. I want to quote from this letter, regarding certain investigations and decisions concerning shippers to Capracore Enterprises Inc.

"We do not accept any of the decisions made by the milk commission in this matter. We are prepared to pursue all courses available to us to bring this matter to a more just conclusion. We seek the benefit of an appeal at a hearing of the milk commission, with concerned Capracore shippers present, or authorized representatives, to represent their side of the case to the commission.

"The commission's investigation is in error on several points, and I am sure it would like to see these cleared up. We make mention of one at this time. Since the spring of 1981 all Capracore

invoices have been dated the 15th of the month following, not the first, as had been incorrectly determined in the commission's investigation.

"However, nothing short of a full hearing would serve to clear up other possible errors and obvious misconceptions. The milk commission allowed representatives of Capracore full opportunity to elaborate their concerns at hearings on more than one occasion in the fall of 1982. We seek an equal opportunity to represent our interest to the commission.

"We have no powerful association or marketing board to represent us and we cannot help but feel that our vulnerability and naivety have been taken advantage of. We have learned to at times expect this in business, but certainly not under the auspices of the Ontario Ministry of Agriculture and Food.

"In summary, we request a meeting of redress and appeal with the milk commission at its earliest convenience. We will certainly appreciate any materials you could send along regarding proper procedure. We hope you will succeed in scheduling such a meeting in response to this request. Should this not be possible, we assure you now that the matter will, nevertheless, not be dropped."

I see that a carbon copy of this letter was sent to you, as it was to certain other people here. I trust some of them were milk producers from goats. What I want to ascertain from the minister at this time is whether there will be a hearing for these goat producers within the very near future and just what action he and his ministry officials are taking in connection with this dilemma these people find themselves in.

Hon. Mr. Timbrell: First, we are concerned to find out that your letter was not acknowledged at the time. I encourage the branches to acknowledge letters where it is going to take longer than normal to respond to them. That should have been done, but apparently it was not.

The reply to you, in fact, has been in the works. Mr. McMurchy, who is sitting to my left, not knowing you were raising this matter this afternoon, went over this matter this morning with his assistant deputy minister. It was approved

by the ADM and it is on the way to you. We have a copy of it here if you want.

The fund in question is not a government fund as such, that is, there is no government money in it; the money comes from the milk processors, with contributions from the Ontario Milk Marketing Board and, therefore, from producers in the province. Without going into all the details of it, Mr. McMurchy assures me that there will be a full commission hearing to meet with the producers in question to hear their representations.

Mr. Riddell: Good. The other one was the Villemse situation. I went through my files and I cannot tell you whether he did apply for assistance from the Ontario farm adjustment assistance program. I can only tell you that he phoned the day before yesterday and said: "Is the minister prepared to render any assistance to somebody like myself who sold cattle to a fellow who is now charged with fraudulent practices? I did not get my money, I am out \$35,000, and it means the difference as to whether I can stay in business or not. Is there anything I might expect from the ministry by way of help?"

Hon. Mr. Timbrell: I would hope you reminded him of the beef cattle protection fund.

Mr. Riddell: Yes, but he did not qualify for that.

Hon. Mr. Timbrell: Why? I checked with Mr. Fleming, the livestock commissioner, and we have no record of ever having heard from Mr. Villemse or having heard about a Mr. Harrow.

Mr. Riddell: You certainly have because I have a letter that you—

Hon. Mr. Timbrell: I am talking about as far as the fund is concerned, the livestock protection program.

Mr. Riddell: Just let me quote from your letter.

"Dear Jack:

"It has taken some time to answer your letter of February 24, 1982, and I sincerely apologize for this, but my staff were investigating the matter of New Improved Livestock and I delayed my reply so that I could give you some indication of progress. Unfortunately, it has taken much longer than anticipated.

"Robert Allan Harrow operated New Improved Livestock Management and Breeding Services Ltd. with his wife Susan. The method of operation allegedly employed by this organization was to offer higher than average prices to producers, take possession of the cattle and, if

payment was ever made, it was in the form of a cheque which was returned NSF.

"Robert and Susan Harrow were arrested and face a number of charges relative to this matter. It is understood that they face eight counts of fraud and the next scheduled court appearance is March 1, 1983."

Hon. Mr. Timbrell: Is this fellow in Kitchener? It starts to ring a bell now.

Mr. Riddell: No. RR 4, Parkhill.

Hon. Mr. Timbrell: No, the Harrows. Were they operating in or around Kitchener?

Mr. Riddell: I have a feeling they are up north Huron someplace, but I am not sure. However, the letter goes on to say:

"The beef cattle financial protection program would have afforded some protection to the producers who sold cattle to Harrow had it been in operation at that time. Harrow would have been classified as a country dealer and would have been required to hold a licence as such. However, as you know, we could not get the program in place until September 1, 1982."

Hon. Mr. Timbrell: When were these transactions? They were in 1981, were they not?

Mr. Riddell: I wrote to you about the matter on February 24, 1982.

Hon. Mr. Timbrell: If I remember correctly the transactions were some time in 1980 or 1981 or both, well before the program came in into fall of 1982.

Mr. Riddell: I stated in my letter: "Recent legislation has given farmers protection against packing plants and sales barns which have gone into bankruptcy, and I am wondering if the same legislation gives protection to the farmer who ship their cattle to a drover or agent such as Bob Harrow."

I do not have the date in my letter when the transaction took place.

Hon. Mr. Timbrell: I am sorry, when I said earlier we had no record, I thought you were referring to something recent and the names did not ring a bell, but the more you talk about it comes back. I thought you were talking about something recent. I checked with Mr. Fleming on that and, of course, there would not be anything recent since the fund was established on September 1, 1983.

What you are getting at is a matter your colleague Mr. McGuigan has raised in the House on at least one occasion. That is the question of retroactivity. As I indicated in my answer to a question from him—it must be nil

months ago in the House—in arriving at the program, that is a matter I—

Mr. McGuigan: The McIntyre case.

Hon. Mr. Timbrell: Yes, your question revolved around people involved in the McIntyre case.

In arriving at the final details of the program, that is an aspect I had to wrestle with long and hard. I concluded that there is really no way one could draw any line or set any date for purposes of retroactivity that would be fair to everyone.

If I remember correctly, and we could check back now, I think some of the transactions you are referring to here go back into 1980 and 1981. It just highlights the problems involved if one tries to make a program retroactive, to do it in a way that is fair and equitable. There is just no way to make it fair and equitable on that basis, so we decided not to have any retroactivity.

Mr. Riddell: There is really nothing available for this farmer, other than assistance under the Ontario farm adjustment assistance program, if he is in financial difficulty.

Hon. Mr. Timbrell: And any other legal recourse available to him. I do not know all the other facts about any assets these individuals might have if fraud is proven.

Mr. Riddell: Since we have briefly mentioned the farm products appeal tribunal, you are aware that the Christian Farmers Federation of Ontario supports such a tribunal, as it gives relief for individual affected parties from the sharp edges of the marketing board regulations in individual circumstances warrant. However, they do object to the current structure of the tribunal that allows it to make policy changes.

The CFFO proposes a restructuring of the farm products appeal tribunal so that it will have two distinct functions: one, to grant relief and, two, to advise the minister on policy changes. They support the farm products appeal tribunal as a forum for debate and review of the long-term policies of supply management, provided the appellant is given the opportunity to have the issue discussed fully among the total membership of the local board in question. The findings of the tribunal will not be policy changes, but will only be recommendations to the Minister of Agriculture and Food.

I am wondering if you have taken their concerns into consideration.

Hon. Mr. Timbrell: I am not sure whether it was at the last estimates or somewhere else that I got to talking about the role of the tribunal. It seems to me that with every ministry I have been involved in, whether it was the Ministry of

Energy with the Ontario Energy Board, the Ministry of Health with the Health Disciplines Board, or now the Ministry of Agriculture and Food with the tribunal, I have had these quasi-judicial boards in my purview.

My policy has always been to treat them much like a court. People will call me about cases coming up before the tribunal. I do not phone the chairman and members of the tribunal to say: "You have this case coming up. What do you think about it?" I treat them as I would treat a judge. They have to be left to be fair and impartial and to make their findings.

I think that if the setup of the tribunal were ever changed so that they were making recommendations to the minister in every single case, it would be a terrible disservice to the agricultural community. We would end up politicizing every single matter, whether it be a transfer of quota, a pricing decision, something to do with milk quality, or the removal of whatever right a person might have.

It is hard to conceive of anything going to the tribunal that does not have some element of policy to it. They are there to adjudicate, to interpret and to apply their best judgement. That does not save the minister or the ministry from responsibility. Clearly, if an issue before a tribunal and a decision of the tribunal highlights a gap in government policy or shows the policy to be out of date or whatever, it is then incumbent on the minister and the ministry, usually with the board in question, to do something about it.

2:20 p.m.

As I say, I think it would be an absolute travesty to change it so that the tribunal makes recommendations and the minister can then play around with them as he sees fit. I think you would have some terrible decisions coming out of that.

Mr. Riddell: I trust you have conveyed that information to the Christian Farmers Federation of Ontario.

Hon. Mr. Timbrell: I believe they are aware of my views on that. We have certainly met from time to time. I believe that this has come up in those meetings.

Just so it is clear, on this record at least, I think this would be a disservice. It is just as in our discussion of the farm assistance program. Those decisions are made by an arm's-length body which does not have a vested interest in building up or holding down a budget for the ministry. They are working within certain criteria.

They have made decisions. I think it is probably fair to say that if it were left up to the civil service to make those decisions, we would not agree with them either one way or the other. They are rejecting or approving some cases, but it is at arm's length. I think there is a lot to be said for making effective use of bodies like that, not just in agriculture but in most areas within the government.

Take the Ontario Highway Transport Board. If every decision of the highway transport board was a recommendation to the minister and to the executive council, I daresay the opposition would scream foul. You would suspect that something untoward was happening, whereas keeping it at arm's length makes it fair and honest, and seen as fair and honest.

If any of those boards, any minister in any ministry and any of the hearings shows a need for changing policy, you can fault the minister or the ministry if they do not act on it.

Mr. Riddell: I want to bring up one last thing at this time. I do not think we can talk about marketing without talking about the inspection that goes along with it. I wonder if the minister shares my feelings about a recent report that came out, which I find not only frightening but a real national disgrace. That is the fact that United States meat inspectors rejected 2.4 million pounds of meat from Canada last year after checking plant facilities, even though the meat had been approved by Canadian inspectors.

Thirty-two Canadian packing plants were condemned by the American inspectors, an increase of about 50 per cent from the two previous years. In the case of the 32 condemned plants, United States inspectors refused to clear hog, beef and sheep carcasses for the lucrative United States market after the products had been approved by Canadian inspectors. The Americans prevented 2.4 million pounds of Canadian meat from crossing the border, while a total of 405.3 million pounds of Canadian meat went to the United States last year, accounting for 21 per cent of all foreign meat on the American market.

There are 533 Canadian plants approved to export to the United States, or almost half of all the plants in the world with that status. United States meat inspectors found fault with both plants and government inspectors in Canada. In some cases, the Americans said the Canadian companies persisted in running shoddy plants and equipment. The United States inspectors were unable to bring them in line. In other

cases, Canadian government inspectors were lax and did not seem to know the regulations.

Many of the United States reports on the condemned plants cited inspection failures in checking the health of animals before and during slaughter. The report said that some packing plants were rundown, with broken walls and floors and leaky ceilings.

I realize that the inspection system is a federal matter, although I think that perhaps the province does run some inspection.

Hon. Mr. Timbrell: Not for interprovincial or international trade.

Mr. Riddell: What was your reason then for preparing a report? Did you ask that a report be prepared for your ministry, which stated that Canada's meat packing industry has slipped because there is too much capacity, plant occupy outdated multi-storage buildings and there is not enough profit to invest in modern plants and equipment?

Hon. Mr. Timbrell: That was one of the papers that was included in the material distributed at the April 25 Outlook conference where we were looking at the red meat industry. By the way, the hearings on those papers and on the red meat industry began last night in Orangeville. That is why Mr. Doyle is not here today; he is going on to the next meeting. The meeting went extremely well and was well attended with good briefs and good discussion panels. About 60 people showed up last night and stayed for four hours, from 7 p.m. until 11 p.m.

As far as looking at the total industry goes, the plants to which you are referring are federally inspected plants and have federal inspectors. I should tell you that we did raise the matter of inspection of meat plants last July at the 1988 agricultural ministers' meeting. I requested at that meeting that the federal people give us on a regular basis a report of American plants which they have delisted. It is not all one-sided. They have, in fact, delisted certain Canadian plants. For a while the Canada Packers plant here in Toronto was delisted by the United States Department of Agriculture and it cost Canada Packers about \$7 million.

Interjection: Only part of the plant.

Hon. Mr. Timbrell: No, not the whole plant. In order to get listed again, it cost about \$5 million to correct certain deficiencies. I have asked George Fleming here, as livestock commissioner, how many American plants are presently delisted by Agriculture Canada. He told me that something in the order of 62 American

plants that are inspected by our people have been delisted from shipping products into our country.

Mr. Riddell: Oh, yes, but that does not affect them as much it does us because we are the exporters of meat. I would say that Ontario is probably the largest exporter of meat to the United States. If they are going to condemn our plants, then we are going to be out of the export market.

Hon. Mr. Timbrell: I would think you would understand why Canada Packers made the decision they did a few months ago to buy the Tender-Lean plant in Burlington and renovate it to process the cattle they buy there and to buy the Hoffman plant in Kitchener for their hogs. They were faced with the fact that the present plant is over 40 years old. They essentially had three choices: rebuild on that site, which they thought they could not due to site restrictions; get out of slaughtering altogether, which would have been a serious blow to our cattle, hog and sheep producers—I think you would agree with that—or buy other existing corporations in the province and renovate them as necessary, to expand the kills there and to continue their operation. Fortunately, they chose the third one.

I spoke to the president of Canada Packers yesterday when we were over in Hamilton for the opening of their expanded vegetable oil processing refinery for canola, and he told me that things were proceeding well at the Burlington Tender-Lean plant, which should not take too many physical alterations; it is just a matter of adding a shift and expanding the kill there.

You are highlighting just one of the reasons they made that decision. They spent \$7 million basically for Band-Aids on an antiquated plant. I am told that in the United States they are much further ahead of us in Canada in updating their processing facilities. Out west a number of plants have closed. Was it 20 packing houses closed last year in Canada, mainly because they were antiquated and the economics could not support rebuilding them?

2:30 p.m.

Mr. Riddell: What do you see happening to the Ontario stockyards now that the largest packing plant in the area has relocated?

Hon. Mr. Timbrell: I think this came out two weeks ago in a discussion. The Tender-Lean plant in Burlington was buying most of its cattle on the yards. Canada Packers will likely continue to buy most of their cattle on the yards, or

at least the same proportion as in the past. I do not feel at this point that there is any justification for accepting that the yards have to be moved.

Who is to say what will happen five or 10 years down the road? They are the last public stockyards in Canada, as you know, and one of the last in North America. Even the big Chicago yards are gone.

Mr. Riddell: Have you expressed your concern to Ottawa about the type of inspection that apparently is being done by our own Canadian inspectors?

Hon. Mr. Timbrell: The whole question of inspection and reporting was discussed at the last ministers' meeting. As I recall, the issue was first raised at that meeting by the Quebec minister. You may know there is an ongoing controversy between Quebec and the federal government about potatoes, which is not yet and is not likely ever to be resolved. That led us into the whole question of inspection.

Up until I raised the point with Mr. Whelan, we did not get reports of US packing plants being delisted. That information was kept within the federal government and not shared with the provinces. We are now starting to get that information and have been getting it for the last nine or 10 months.

Mr. Riddell: Until we get on to something else, that will do, Mr. Chairman.

Mr. Swart: I have two or three items I would like to raise under marketing. I am hoping we can divide the time so that we have at least an hour left on the food land preservation issue. I do not think that is unreasonable.

I want to ask the minister, relative to the licensing of the independent milk distributors, what the situation is at the present time. There has been a great deal of controversy over this in times past. There was a proliferation of unlicensed distributors across this province, much to the consternation of the 25 independent licence distributors.

I have before me a copy of an article in the Kitchener-Waterloo Record of April 15, 1983, in which the independent area distributors asked the Ontario Farm Products Appeal Tribunal to cancel the licence of Frann Distributing Ltd. Apparently, it had been distributing for seven years without a licence and then it was given a licence by your ministry to distribute. What is the situation today? Have you clamped down on these? How many new licences have been issued to these who were distributing

illegally before? I would like to know the picture today. Are you enforcing the licencing at the present time?

Hon. Mr. Timbrell: As of March 1, the new regulation came into effect requiring agent distributors to be licensed. There were 209 applications submitted by the deadline of May 31, and up to that number would be issued.

Mr. Swart: Were there any penalties to those who were distributing illegally before?

Hon. Mr. Timbrell: Yes.

Mr. Swart: What is the penalty? Are you issuing licences to those?

Hon. Mr. Timbrell: No. The old ones were all grandfathered in.

Dr. Meiser: Anybody who was distributing prior to the new regulation coming in was eligible for a licence.

Hon. Mr. Timbrell: I do not think that is what you were asking, was it? You were asking about prosecution.

Mr. Swart: No. I was talking about penalty of any kind, whether it was refusing to issue a licence or prosecution. What penalty?

Hon. Mr. Timbrell: The penalty from this point on would be—I am trying to remember the figures.

Dr. Meiser: I can assure you that the people who are operating without a licence have been given cease and desist orders. For failure to obey a cease and desist order by a supplier of dairy products to an unlicensed distributor, his licence will be subject to review at a hearing.

Mr. Swart: Perhaps I do not fully understand the situation. Is it not true that there was a regulation before which required a licence? What does this article mean when it says—and we had some discussion on this last year, and I believe in the House—that this operator had been circumventing the regulatory system for the last seven years?

Hon. Mr. Timbrell: There is no question that agent distributors were operating outside of the regulations and the act for some time. When we discussed it, I do not think it was in the House, I think it was here in estimates in the fall.

Mr. Riddell: You said at that time that you were not too sure but what you were going to do away with licensing entirely, because you were not sure that you should license just for the sake of licensing.

Hon. Mr. Timbrell: That is right. What I decided to do, erring on the side of caution, was

to grandfather those already in the business and broaden the regulations to provide for this new category. We have had some discussions with an individual whom we are asking, and we hope he will agree, to take a look at the whole system to see whether it should be maintained, revised in some way or scrapped.

Mr. Swart: As I understand it, there were, generally speaking, at least 25 distributors who are part of the independent dairy distributors of Ontario. Are you saying now that there are going to be 209 additional licences, that you are grandfathering all of those, even though they are operating outside of the law, or the regulations?

Hon. Mr. Timbrell: There are three categories: processing distributors, nonprocessing distributors—

Mr. Swart: That is the one that I am talking about.

Hon. Mr. Timbrell: —and agent distributors.

Dr. Meiser: And shopkeeper distributors, if you want to go that far.

Hon. Mr. Timbrell: If you want to go that far but the first two have always been in. I guess the shopkeepers have as well. It is the agent distributors that have been added. How many processing distributors do we have? Close to 60, are there not?

Dr. Meiser: Around 60.

Hon. Mr. Timbrell: And nonprocessing distributors?

Dr. Meiser: Thirty or 40 of them.

Hon. Mr. Timbrell: And then there are the agent distributors, under which category, as Dr. Meiser has reported to you, there are 209 applications on file. How many shopkeeper distributors would there be?

Dr. Meiser: They are deemed to be holders of a licence, and it is just a matter of how many stores there are in Ontario.

Mr. Swart: But is it not true there were only the two categories prior to the new March regulations, and all of these, if they are going to distribute milk, should have been under the second category, as independent distributors?

Dr. Meiser: I will not express a legal opinion there; that was a matter for legal counsel.

Hon. Mr. Timbrell: Prior to the change in regulations, it essentially provided for just the two, the processing distributor—in other words,

Silverwood Dairies would be a processing distributor—

Mr. Swart: I understand that.

Hon. Mr. Timbrell: —and the nonprocessing distributor. But this category is people; I think the example we used was Frann's, which operates in my area. They bought the territory and a building, in fact, from Silverwood's, when Silverwood's closed out their dairy on Warden Avenue in Scarborough. They became a nonprocessing distributor.

Frann's, in turn, sold off trucks and territories, in many cases, to former employees of Silverwood's who came with them. Those guys, one of whom was my milkman, were operating illegally. They were not licensed; they were agent distributors. They were distributing by way of an arrangement with a nonprocessing distributor. Now those fellows are covered by this change in the regulations.

Mr. Swart: But you said that they were operating illegally.

Hon. Mr. Timbrell: Yes.

Mr. Swart: You just made that comment. Yet they are going to be licensed just as if they were new applicants?

Hon. Mr. Timbrell: We had a choice. We could either prosecute them all, try to put them all out of business, with the attendant loss in employment and of convenience to many people; we could scrap the whole system and license no one; we could license them and do nothing more; or we could license them and take a look at the whole system. It is the fourth of those options that—

Interjection: The Licensed Independent Dairy Distributors of Ontario did not want to put these people out of business.

2:40 p.m.

Mr. McLean: How many agents and distributors are there in Ontario?

Dr. Meiser: There are 209 that have applied.

Mr. McLean: When is the deadline for their application?

Hon. Mr. Timbrell: May 31.

Mr. McLean: And how many have not applied?

Dr. Meiser: I could not tell you until I audit the sales records of each and every client.

Mr. McLean: Are they going to be prosecuted if they—

Hon. Mr. Timbrell: As Dr. Meiser said, Mr. McLean, they will be issued with cease and desist orders. If they do not cease and desist, we

will go after the dairies that are supplying them. The dairies' licences will then be subject to review. That should be effective in cleaning it up.

Mr. McLean: It is long overdue.

Mr. Swart: Yes, it is long overdue. Can they put the independent dairy distributors in jeopardy?

Hon. Mr. Timbrell: Who?

Mr. Swart: The agents?

Hon. Mr. Timbrell: They can cease supplying to—

Mr. Swart: Are they going to be given areas in which they can distribute?

Hon. Mr. Timbrell: They would be limited to the area they are serving now. They could not come in and say, "I have been serving the borough of East York. I now want to cover East York and Scarborough." They would be limited to the area they were already covering.

Mr. Swart: I have just one other question or a comment. These unlicensed agents were providing very real—I was going to say competition—illegal competition for the independent distributors who were licensed previously. They lost a lot of their market because of that. Are they not going to be permitted to recover that market?

Hon. Mr. Timbrell: I am sorry. What did you say? I missed the last part of your question.

Mr. Swart: I was saying that because of these unlicensed agents distributing milk illegally, in your own words, the licensed independent distributors had lost a sizeable part of their market. If these agents are now going to be able to keep what they have, does this mean that the independent distributors will have permanently lost their share of the market? I realize that they are in competition with them now, but when they did not have to be licensed.

Hon. Mr. Timbrell: In most cases, they were agents of the very distributors you are referring to.

Mr. Swart: Some of them were; a lot I think were not.

Hon. Mr. Timbrell: No. For the most part, they were agents of nonprocessing distributors.

Mr. Swart: The majority of the nonprocessing distributors did not sell to these agents. Then there were some who did and who covered a wide area of the province.

Hon. Mr. Timbrell: However, I do not believe that LIDDO, the organization you are referring to, advocated putting them out of business.

In many cases, where I have talked to people

in the dairy industry, they told me that what happened as this developed over the years was that the agent distributors were people who were hired to take on areas or routes that they found to be uneconomic, as nonprocessing distributors.

Working with a truck in an area, these fellows could make a living at it. They could make it economic, but the nonprocessing distributors could not. So they certainly did not want to put them out of business. I do not know what point—

Mr. Swart: Well, the independent dairy distributors objected strenuously to these nonlicensed agents.

Hon. Mr. Timbrell: They objected to many of the licensed.

Mr. Swart: And many of them did undercut their market. There was no question about that.

Hon. Mr. Timbrell: They were concerned that they were not licensed. They were concerned that there would be further proliferations—always looking at the other competing nonprocessing distributors. They wanted something done about it, and we have done something.

Mr. Swart: Were they involved in the whole process of the new legislation and the—

Hon. Mr. Timbrell: There were a number of discussions with them, yes.

Mr. Riddell: I think they were also concerned that the legislation, before it was amended, was not being enforced. They had a certain amount of protection under the old legislation, but the ministry just failed to police it.

Hon. Mr. Timbrell: I guess the matter was first drawn to my attention about a little over a year ago, and it was in your area. It was a difference of opinion, if you will, between a nonprocessing distributor in Lucan and a fellow operating out of Hensall, the Hensall dairy.

That was the first time I was aware of the issue. We worked on it over the year, and this is where it stands.

Mr. Swart: I would like to move to another area, too. I would like some information. We are all very much conscious, I guess, of the fact that there are a lot of illegal chicken producers in the field. This is of great concern to the marketing board and of substantial concern to some of the processors.

You will have this indicated to you in the submission from the United Co-operatives of Ontario, and there are articles in Farm and Country, and so on, about it. Granted, there is a

very real difficulty in enforcing this, because they go across provincial boundaries, but it has had a serious, adverse effect on the chicker producers.

I would like you to elaborate somewhat on this. Perhaps you could also state why it would not be possible to have the processors keep registration of where they get all the chickens so that the processors can, to some extent at least, police this whole matter of unlicensed producers.

Hon. Mr. Timbrell: The processors are supposed to keep a register.

Mr. Swart: For you?

Hon. Mr. Timbrell: No, for the chicker board. They do have their own inspectors. This is something we have discussed with the board on a number of occasions.

Going back about eight months ago, we were at a meeting with them over in the ministry building. I made a suggestion to them. This is not a problem confined to Ontario. It tends to be an interprovincial problem between Ontario and Quebec, which was exacerbated for years by the lack of regulations through the Canadian Chicken Marketing Agency for interprovincial quota, which is now being corrected. They finally gazetted regulations in March of this year, providing for that quota. The Chicken Producers' Marketing Board is working as the agent of the CCMA to straighten that out.

I suggested to them that they make an arrangement with the Quebec marketing board. They could invite the Quebec marketing board to send some of its inspectors in to make joint inspections of Ontario plants with the Chicken Producers' Marketing Board inspectors. We, in turn, would do the same.

As a result of that process, the board has laid, or is about to lay, 31 charges of illegal production of chickens in the province. Perhaps Mr. McMurchy can give you more of the background on this, how it is supposed to operate, and what the board is doing.

Mr. McMurchy: As the minister indicated, the board has been working in co-operation with inspectors in Quebec; actually, in Quebec it is the provincial body that appoints the inspectors. They have been co-operating on both sides of the border to clean up this problem. The chicken board is laying charges as it amasses evidence against specific individuals. At the moment, it appears that approximately 31 charges will be laid. Of course, the charges are not all laid yet, but they are proceeding as

they get enough evidence to substantiate a case in court.

In addition, the chicken board is also taking further proceedings in court by way of application for injunctions against processors who are contributing towards the practice of dealing in birds that are outside quota. My information is that they have lots of those proceedings against the major processor at this time. I think this case is scheduled to come before the courts on July 9, or some such date; early July, in any event.

Mr. Swart: Would you not agree, if there could be an arrangement, that any problem relative to moving chickens across the border either for processing or vice versa has been largely between Ontario and Quebec? There may be some in Manitoba.

I wondered if there were adequate policing at the processing level, whether through provincial legislation and inspection, that would stop this circumventing of the marketing board.

5:50 p.m.

Hon. Mr. Timbrell: That was the point of my suggestion to our board to make an arrangement with the Quebec producers. We would have inspectors. Some of our people would go into Quebec plants with their inspectors, and vice versa.

As I understand it, it is out of this arrangement, and the promulgation of these interprovincial quota regulations in March, that they have come up with these charters.

Mr. Riddell: Is not part of this problem the dilemma that some of the eastern producers put themselves in? Before the marketing system came into effect, they were marketing a lot of their product in Quebec. Then when the marketing board came into effect and Quebec stopped taking their chickens, they just found that they did not have the market.

What is being done with these eastern Ontario producers who had a market in Quebec and now have none?

Mr. McMurchy: As I think you have indicated, part of the problem was that there was a group of producers who at one time marketed all their production in Quebec. They had been doing so for some time. They did not come within the system as it existed; they were outside the system when the national agency was set up.

Mr. McGuigan: Why were they outside the system?

Mr. McMurchy: The system, at that time, was

strictly a provincial system. It could not regulate interprovincial trade. That is before 1978.

Mr. McGuigan: And after 1978?

Mr. McMurchy: After 1978 the agency was established, but the agency regulations did not take that peculiar situation into account. There is a very similar situation between Quebec and New Brunswick. The agency regulations simply did not provide for that peculiar category of producers.

That has now been done. My understanding is that, at the present time, there are some eight producers who have already been approved for quota under the new agency regulations to govern that situation; there may be more.

Hon. Mr. Timbrell: The agency provided—what? Two million pounds, was it?

Mr. McMurchy: They did not really provide it, sir. It has to come off the total annual production.

Hon. Mr. Timbrell: Yes. Are the regulations of the Canadian Chicken Marketing Agency limited to people who were producing between 1974 and 1978?

Mr. McMurchy: That is right, yes.

Hon. Mr. Timbrell: You get cases. There is one case you have probably seen in the Ottawa Citizen, where a fellow was producing before that, but not during, and has been producing since. Under the regulations, as they have been laid down by the Canadian Chicken Marketing Agency, he does not qualify because he was not producing between 1974 and 1978, 1974 being the year of the establishment of our board, and 1978 being the year of the establishment of the national agency.

Mr. McGuigan: But anybody who was producing during that time and was left out when the counting was done, may have the natural right to ask for—

Mr. McMurchy: Yes, if they can establish that, as I understand it. Again, this is really a federal matter that we do not get directly involved in. However, if they can establish their production during that qualifying period, prior to and right up to the introduction of the national plan, they can get a quota.

They have been dealing, as I say, through the chicken agency. Our chicken board is merely acting as an agency that is handling the details, but it is subject to national agency regulations.

Mr. Swart: Why would not the marketing board have stepped in before, if that provision is there? I know the provision is there. If they

could have got into the system at the beginning, why would they not have stepped in before?

Hon. Mr. Timbrell: Because there have been no regulations to enforce until March of this year. They have been trying valiantly to keep on top of this illegal production matter, but without those regulations they really did not have an effective tool. Now they do.

Mr. Swart: The obvious question is, why the delay in the regulations?

Hon. Mr. Timbrell: This also came up at the signatories' meeting. The board and the officials of my ministry from 1978 on—1978 being the year that the national agency was formed—worked to convince the national agency that there was a problem they should address. It took until 1983, five years later, to get the regulations out of them to do it.

Mr. Riddell: Before you leave the feather industry—

Mr. Swart: I am staying with the feather industry for a little bit longer, but go ahead.

Mr. Riddell: I was just going to ask the minister whether he had looked into that letter I wrote to him a short time ago about Mr. Koonstra from the Clinton area. He was denied quota by virtue of the fact that although he had done everything right and met all the criteria, the furnace, as I understand it, for his operation was not delivered until a week after the deadline. On that basis he was denied quota. I just wish I had the detailed explanation of his case with me. I do not have it, but I am sure it must come to your mind.

Hon. Mr. Timbrell: Yes. I cannot remember all the details, but there is a meeting coming up, I think with the egg board, next week to discuss that case.

Mr. Riddell: You are aware of the details of this case?

Hon. Mr. Timbrell: I have got the details; I could not recite them for you right now.

Mr. Riddell: I hope some consideration will be given because I think he and his wife have pretty well met all the criteria, but because of something that happened that was beyond their control, they are being denied quota.

Hon. Mr. Timbrell: That was a case that if they had the chicks in by a certain date, they would qualify. It was because of the delay in the delivery of a ventilation system that they were not in the barn by that date.

Mr. Riddell: Right.

Mr. Swart: I want to ask further question about another aspect of the Ontario Chicken Marketing Board. The problem may not be so prevalent now, but earlier this year the Ontario Farm Products Appeal Tribunal rolled back the time after time, the price which had been set by the Ontario Chicken Marketing Board. It rolled it back more than the guidelines set by the federal agency, which has no jurisdiction here. Nevertheless, it was a practice which, in other provinces where they have a similar sort of system, had not been practised to the same degree.

These chicken producers and the chicken marketing board were pretty unhappy about the fact, at the time, that the processors could go there, could appeal the prices which they had set on the cost of production and get them rolled back substantially below the cost of production. Has that been rectified? Was that due to the problem we have had with regard to the illegal chicken production? What is the situation with regard to that now? Have you intervened?

Hon. Mr. Timbrell: To start with, if memory serves me correctly, the chicken board lost, I think, three cases in a row, because the pricing is done every two weeks.

Mr. Swart: In a period of about three months they have lost five, I believe.

Hon. Mr. Timbrell: I was going on memory. I know they have lost three in a row, but since then I think they have won every one. The changed counsel and they markedly improve their presentations to the board on these matters. When I hear critics of the supply and management system, I point to the fact that there is this tribunal to which appeals can be made. Their decisions can go one way or the other. You can win some or you can lose some.

This question came up when I was speaking at the poultry conference in London a couple of months ago. Ultimately, I suppose, it could lead if the producers so desired, to a change in the way chickens are marketed. Rather than the semi-monthly pricing, the second and fourth Thursdays, there could be some alternative system, some kind of an option system, or whatever. The major case in which the board was interested was one that was held in December. The detailed reasons for the decision were released by the board three weeks afterwards. If you would like, I would be happy to get you a copy.

3 p.m.

Mr. Swart: I have a copy of it. Unfortunately, do not have it here. I forgot my file.

I wonder if the minister—for information, if anything else—would make some comments about the situation with regard to surplus milk, the position that Ontario is in at the present time, or what the projections are on that.

Hon. Mr. Timbrell: I looked at some figures last the other day. The February, March and April production over last year is down; there is a little over three per cent decline from last year. March and April were one point something lower than in the same months in 1982. However, they are still projecting, year over year, surplus production over quota.

You are aware that milk consumption is down, I guess about five per cent, from two or three years ago. In 1982 the Canadian Dairy Commission made two downward adjustments to quota.

I have discussed it briefly with the chairman of the Ontario Milk Marketing Board. It has a number of implications in it. There is concern about the effects of the reduced quota with respect to individual producers, whether they have to cull their herds or continue to produce at current levels and pay the higher penalties for over-quota production.

There are implications with respect to the cheese industry. There is a concern over whether or not there will be sufficient industrial milk for the cheese factories this fall. The Canadian milk supply management committee will be meeting in Ottawa at the end of this month to review the matter again for 1983. However, I will be meeting with the chairman of the Ontario Milk Marketing Board to discuss it, particularly as it relates to the availability of industrial milk for cheese factories.

Mr. McGuigan: I would like to ask the minister if he has any further word on the disposition of the Southland Canning case.

Hon. Mr. Timbrell: We are discussing that with the agricultural products board. I have reason to believe that we can perhaps be of assistance, but until we have completed those discussions with them, I cannot be any more specific. As I have told you several times, we have been trying to find some way we might be of assistance.

We had thought, much earlier on, that the dedication of the government's security through the Board of Industrial Leadership and Development grant would be of assistance. First of all, the Treasurer (Mr. F. S. Miller) and the BILD

committee of cabinet were concerned about the precedent. There is also the fact that we may very well realize nothing out of our security.

Because of those two reasons, we have looked for an alternative, which we are discussing with the agricultural products people. If those discussions are resolved satisfactorily, something will be announced.

Mr. McGuigan: I would like to bring just a little more to your attention. If you recall, when you gave me the answer that funds were potentially available—I think it was on October 26—I was somewhat surprised by the answer, because some of the thoughts that went through my mind were about the particular implications.

I phoned you the next day. You very kindly spoke to me on the telephone, and reassured me that you really meant what you had said. It quite surprised me, as a matter of fact, because you came out of a cabinet meeting, and I am sure you did mean what you said.

As a consequence of that, when I attended a couple of those meetings of the prime people involved, they put the question to me, "How strong do you think this promise is?"

I said, "The minister is an honourable man, and I certainly assume, from what I know of him, that his promise will be kept."

On the strength of that a lot of these people have refinanced and made various arrangements to go ahead and try to do something this year. If this falls through, it is certainly going to be very damaging to all of us involved.

I would like to suggest that, if the BILD funds cannot be used, surely some other funds can be found. We have so many examples of people who have been bailed out; not that I think all of those are good ventures, either. However, where we seem to find ourselves sort of dug into this situation, it seems to me you can make a strong argument that some other funds could be used.

Hon. Mr. Timbrell: At that time I honestly felt, based on the discussions I had had with the staff in my ministry, that this was a possibility. We obviously have been following that case very closely through two crises, if you recall; one in 1981 and another in 1982.

When we got down to the short strokes of it with the Treasurer (Mr. F. S. Miller) and the Board of Industrial Leadership and Development, it turned out not to be so, and perhaps just as well. There is every possibility that we might realize nothing. Dedicating our secured position would have been a hollow gesture.

We have been looking for some other alternative to assist those people caught to some

extent. I may tell you, as well, that I have been talking with the Ontario Vegetable Growers' Marketing Board, and with the processors, about the need for some kind of a compensation fund in the future to give some protection—you never ever get 100 per cent protection—in cases where a processor defaults.

Mr. McGuigan: That brings up another subject, Minister. I have to say that I agree with you. Producers of any commodity have to take some responsibility as to whom they sell to. They cannot expect to be compensated 100 per cent from any fund, wherever generated.

As to the Farm Products Payments Act, I know you did not have anything to do with passage of it.

Hon. Mr. Timbrell: I was in the cabinet.

Mr. McGuigan: You may have passed it, but you probably had very little appreciation of the act. The act itself is the seat of its own failure. I do not know whether or not people realized that when they passed it.

When I am cynical, I think to myself, "This is one piece of show legislation designed to make people think they have protection." Three of you will stand up and say that we have this act, yet the act has proven to be of very little value.

If I wanted to be charitable about it, I guess I could say you did not realize what was going to happen. What really happens is that the farmers and producers who are on these various boards are generally the people at the top end of the production community. They have contracts with the better people. They deliver to Heinz, Libby, Canadian Cannery, firms of that nature, which are not immune to going bankrupt but experience would say they are not so likely to go bankrupt. So the producers do not have any personal worry about it.

3:10 p.m.

The other side of it is that when those same people go in to negotiate for the crop of tomatoes, carrots, peas, etc., they put their hardest nose forward and try to get the best possible price they can for the commodity. When it comes along to the secondary elements, the terms of sale and setting up a compensation fund or an insurance fund, they tend to be a little lenient on that end of the negotiations, because the canners would say: "Oh, no. We gave you the last \$10, or \$5." Or: "We gave you \$5 too much for the product. In order to end the negotiations, we gave it to you. Now here you are, asking us for another 20 cents or 30 cents, whatever, on top." Then the canner can also

say, "We know that next year, when the negotiations come along, that is added to the price of the commodity; all of it is in the price, not just a percentage of it."

I think if you go back in history, you will find that was the case with board fees. Board fees were finally incorporated into the price paid by the processor.

The other side of it is the board does not really want to deal with a lot of new people in business. It really does not want to deal with a lot of kitchen processors. I can understand them not wanting to deal with kitchen processors, but you have to remember that every canning company in the world began in some lady's kitchen. That is where they started—Mrs. Heinz, Mrs. Libby or whoever she was, canned her husband's produce, sold it to the neighbours and eventually became a processing company.

E. D. Smith, in Winona, began as a fruit-growing operation. They had peaches or something left over that they could not sell, so they made jam out of them, and eventually became the E. D. Smith and Sons corporation, big processors.

There is a natural bias on the part of these people against setting up insurance. I have talked to the board members on a private basis and I know that natural bias is there. As a result of it, we just do not get these funds.

You went through that with the cattle producers. If my information is right, when the cattle producers came to you and the final determination was made to go to an insurance fund, you told them they were going to an insurance fund, but before that—

Hon. Mr. Timbrell: If there is a shortcoming in the act it is that it is basically up to the producers to ask for it.

In that particular case, I had the executive of the Ontario Cattlemen's Association in for a meeting in early April of 1982, having had some preliminary discussions with my own staff in the ministry and with some producers around the province. I went around the table and said to them, "I want to know where each one of you stands on the issue, as to whether it should be compulsory, voluntary, cover all of the dealers or just the packing houses, and that sort of thing."

I forget how many men were there; I will say eight. Out of that I did not get eight different positions, but I probably got four or five. There was no unanimity, even among the executive. When the McIntyre case came to light on the Thursday morning—I found out first thing in

the morning—my immediate instructions were, "Get the executive of the OCA back in here." That afternoon I said, "That is it." That was two weeks to the day after meeting with them.

Ironically, at the close of that meeting I had said: "All right, there is no unanimity here. Obviously we cannot do anything about it today, but some day a dealer is going to go bankrupt, someone you all know and trust and whom you think will never do you any harm, and then we will have a plan." It was two weeks to the day later that that happened and I called them back and I said: "That is it. We are going to have a plan." They had no grounds left on which to oppose it.

I do not mind sharing with you discussions I have had on this matter. You raised the question in January in the House—I guess you raised it before Christmas and again in January—of a fund for vegetable producers. I told you we would take it up with the producers. At that point, their message came back to us that they were not interested in a fund.

More recently, I have had further discussions and the Ontario Vegetable Growers' Marketing Board has unanimously agreed that there should be a fund. They have changed their tune.

We have had some discussions, as well, with the processors, who are not quite as enamoured of the idea.

Mr. McGuigan: Naturally not.

Hon. Mr. Timbrell: I think we are making some progress.

Mr. McGuigan: I think I have told about some of the various acts in the United States. I do not really know how they got started; I guess probably a long time ago, back in the 1930s, when there were a number of bankruptcies. One of the concepts that they have there is that there must be financial protection unless you, as a producer, opt out.

Hon. Mr. Timbrell: They have that in cattle. Some of my staff were down in the States last spring—Bill Doyle was down, among others—and it is that opt-out provision that destroys the whole thing.

I am told that the so-called financial protection plan for red meat producers is in fact meaningless, because under-the-table deals are made, behind-the-barn deals, however you want to call them, that effectively render the program useless.

Mr. McGuigan: You are saying, then, that a large number do opt out?

Hon. Mr. Timbrell: So I am told.

Mr. McGuigan: I would be interested in seeing—

Mr. Riddell: Not all programs behind the barn were useless.

Mr. Chairman: I am not sure we have enough time for this.

Mr. McKessock: That is where Jack got his education.

Hon. Mr. Timbrell: I used to deal with that in the Ministry of Health estimates. It was called sex education, or family planning.

Mr. McGuigan: I thought he was talking about smoking cornsilk.

Hon. Mr. Timbrell: That is the difference between being 36 and—

Mr. Swart: Forty-two?

Mr. McGuigan: Fifty-nine.

Mr. Chairman: Do you want me to cut this off, Minister, before we get into trouble?

Mr. McGuigan: There is another aspect which is really galling to some of these producers who were caught in the bankruptcy. They feel it was their sacrifice that caused both you and the cattle producers to move.

I realize the legal problem you have in making it retroactive, but there is the real moral problem that those people were sacrificed in order that others would benefit. I would really like to see a complete analysis of what it would do if you made it retroactive for a certain period.

Hon. Mr. Timbrell: It would depend, as discussed earlier today and in the House nine months ago, where you draw the line. Once you say you are going to make a program retroactive, and for argument's sake in this case say you draw the line at April 1, 1982, the start of the fiscal year, for want of a better date. Having moved from September 1 back to April 1, how do you then say to a fellow, maybe the fellow whose case Mr. Riddell brought up, whose loss was before that date, "Well, we are not going to cover you"?

Mr. McGuigan: I fully realize the—

Hon. Mr. Timbrell: It just keeps creeping back until you may well end up back at the point the legislation was first brought in, in 1977 or 1978. Potentially, if you went that far back, of course, you would be picking up so many cases that the fund would be exhausted.

Right now, I guess the fund has built up to over \$600,000.

Mr. McMurchy: It is \$700,000.

Hon. Mr. Timbrell: Is it \$700,000 now? It is my intention, probably when it gets around \$1 million, to look at reducing the fees from the current 20 cents per head of cattle for each of the participants on a deal.

I was in Essex North riding two or three weeks ago tonight and one of the fellows who got caught came up. I had talked to him about the matter at the Ontario Cattlemen's Association annual meeting at the Skyline Hotel in February.

I said: "Look, I am sorry. I feel very badly for you, but I have to try to make policy in an even-handed way. At this point, I just cannot see any way to equitably draw a line for retroactivity that would be fair to everyone, and be seen as fair to everyone."

3:20 p.m.

Mr. McGuigan: I realize that there is a problem. Have you any idea as to how many bankruptcies there might be? What I am thinking of is that we have come through to a pretty good economic condition, and there are probably not many bankruptcies that would be eligible as compared to the last two or three years.

Hon. Mr. Timbrell: The only bankruptcy that has resulted in any claim since the creation of the fund—and, fortunately, we got it going on September 1, because this occurred about two weeks later—was Windsor Packing Co. Ltd. There have been claims received and paid on that.

Mr. McGuigan: I meant when you talk about making it retroactive, picking up bankruptcies from some time back, were there many bankruptcies that would be claiming?

Hon. Mr. Timbrell: It would not necessarily be bankruptcies. There is the case of Lindsay, a community auction operator in eastern Ontario who got stung by a local dealer for \$150,000 or \$200,000. The guy did not go bankrupt; he may have since. I do not believe he went bankrupt. It was just—

Mr. McGuigan: Fraud?

Hon. Mr. Timbrell: It could have been fraud. I do not think any charges were ever laid. Bankruptcy was not involved in that case. He simply was not paid.

I would like to make one other point, and I think it is important to keep in mind. This is as regards the beef fund. The individual producer is the policeman of the fund. This is a point we have stressed time and time again to the Ontario Cattlemen's Association. They have stressed it in their magazine, and we have stressed it wherever we go.

In the case of Windsor Packing, there were two or three people who—even with all the publicity and the mailings to all the producers about the 48-hour-payment requirement—had accepted post-dated cheques.

It went to the board. The board is made up entirely of producers and people from the cattle industry, with the exception of one lay person—the former mayor of Belleville, as a matter of fact, whom I nominated to the board. They just said: "No, we are not paying those claims. You knowingly waived your protection by accepting post-dated cheques, so we are not honouring your claims."

It bears repeating time and again. They are right there. Those are their cattle. If they do not have a cheque in 48 hours, then they have the first responsibility to blow the whistle, so that the staff under Mr. Fleming can get on to it right away.

Mr. McKessock: Is that not a kind of technicality, through, accepting a post-dated cheque?

Hon. Mr. Timbrell: No.

Mr. McKessock: If it was no good, it would have been no good if they had not said they would not accept a post-dated cheque. They still were not going to get paid, one way or the other.

Hon. Mr. Timbrell: Not having been paid within 48 hours. If they had notified the fund within the 48 hours, an investigation would immediately have proceeded. Their claims would likely have been valid. By accepting post-dated cheques, it significantly increases the potential exposure of the fund. You have to have something in there about prompt payment.

We got to talking. We were meeting with some of the grain elevator operators. They told me that there are cases where people will deliver their grain corn to the elevator in the fall and say, "Now, I do not want payment for that until January." The reason is obvious. It is a new tax year. They want to spread out the income.

If we ever get around to talking about a compensation fund for the grain producers, that is going to be a very difficult area to get over. In a case like that, if you are selling a product on October 15 and saying, "Do not worry about paying me until January 1 or 2—"

Mr. McGuigan: They have a test in the United States for those situations. If you go down and borrow at a bank against that product you have, in effect, sold the product.

Hon. Mr. Timbrell: Get proof from the producer or the elevator operator.

Mr. McGuigan: The producer can say: "I took my grain to elevator A. The operator is not going to pay me until January, but I want money from you, the banker, now."

Hon. Mr. Timbrell: With that as collateral?

Mr. McGuigan: With the sale as collateral.

Hon. Mr. Timbrell: Yes, the sales agreement.

Mr. McGuigan: In effect, the product was sold.

Hon. Mr. Timbrell: In effect, the banker then checks the financial position of the buyer, the grain elevator operator.

Mr. McGuigan: In their view, that grain is sold.

Hon. Mr. Timbrell: So it is not a receivable, on which they can—

Mr. McGuigan: They could borrow money. I suppose that if a person did not go to borrow money against it, he might have a hard time establishing it. Anyway, that is a test they use there. I do not know whether you borrowed against it, or whether you were able to borrow against it, but that would work.

Hon. Mr. Timbrell: Yes.

Mr. McGuigan: Talking about those particular producers who were technically in violation, they were doing what they had been doing for many years. I think they got caught in the changeover. Their argument was that the issuance of the licence—and I realize that it was only a temporary licence—was a signal to them that everything was okay.

Hon. Mr. Timbrell: That is why the fund is so important. This is what we have been getting into when we have been talking with the vegetable producers and with the processors. The processors are saying: "Tighten up the licensing. Require more bonding or irrevocable credit notes, or whatever."

Our response has been that this is all well and good, but we cannot know on a daily basis the transactions which are being carried out by the individual company. When they come in to apply for a licence, as Mr. McMurchy will tell you, they bring in the latest audited statement, which might be nine months old or older, depending on the year-end.

Mr. McGuigan: That statement is only good on the day it was issued.

Hon. Mr. Timbrell: Exactly. To just have a tougher licensing procedure, whether it is for the cattle dealers, vegetable processors, grain elevator operators or whomever, is not enough.

You have to have something as a cushion against fraud, against Lord only knows what else that could occur. It creates a false sense of security. That is our argument, and I think we are right.

Mr. McGuigan: I can see your point, but their point was that they were doing what they had always done. They took the licence as a signal.

Hon. Mr. Timbrell: Apparently, so had Mr. McIntyre.

Mr. McKessock: What do you ask for to make sure that they belong to this, or that they have their licence?

Hon. Mr. Timbrell: They are issued with a licence. The producer should simply ask to see the licence.

Mr. McGuigan: I would like to talk about apples, if I could, for a while.

Mr. Swart: I do not want to interfere, but we have now actually taken much more than half the time on marketing. I do want to get into the area of land preservation.

Mr. McKessock: Tile drainage?

Mr. Swart: Perhaps, if you go ahead, Jim, you can handle it.

Mr. Chairman: Just so everybody knows, there is tile drainage and food land.

Mr. Riddell: I want to talk about food land.

Mr. McGuigan: I think we all want to talk about land, but I would point out that, over the years—

Mr. Chairman: How about five minutes on apples?

Mr. McGuigan: I need more than that. Over the years, we have probably spent three quarters of our time in these estimates on land, and the biggest problem facing agriculture today is income. Nothing impinges more on income than marketing.

Hon. Mr. Timbrell: What is more, when it comes to food land preservation, I have always argued that one of the best ways to keep food land, to preserve it, and to keep it in production is to do what you can about the income side.

Mr. McGuigan: Up to a point, yes.

Hon. Mr. Timbrell: Farmers are the best ones to ensure that the land is kept in agriculture.

3:30 p.m.

Mr. McGuigan: If the Toronto Dominion Bank wants to put up a skyscraper, you are never going to compete with that.

Hon. Mr. Timbrell: They are not likely to put up many around Ridgetown, are they?

Mr. McGuigan: There is a spot right in the centre of Ridgetown.

Hon. Mr. Timbrell: For a skyscraper?

Mr. McGuigan: No, a burned-out spot. We have that one.

There has been a problem in apple marketing this winter. I suppose that a big crop would be the basis of it. A number of things that were taking place during the year were due to changes made in marketing regulations over the last three or four years.

One was the move towards central warehousing: delivering apples directly to a chain store central warehouse, in which case they would get an eight per cent discount on the price. I guess the way it is expressed is that if you deliver them directly to the store, you add eight per cent. There is an advantage in delivering to the warehouse. They make up their orders and send them out to the various stores throughout the province.

On the way back with their empty truck, they will very often pick up their product at someone's packing house. Allegations made by people in the trade, that they are allowed a far better trucking rate on that back haul—

Hon. Mr. Timbrell: Those are not deadheaded?

Mr. McGuigan: It is a deadhead, but they allow them full or more rates. You could go to anybody in the commercial trucking field with a deadhead, and they would give you a discount. It is one way of shading the price for these people.

Another way of shading the price is another regulation that you can allow a certain amount for empty containers. I see nothing wrong with that regulation, because these containers are good for several shipments, and if you throw them into the waste, it adds to our waste problems. There is a cost involved, but they will allow them more than the amount that is in the regulations, all in the way of reducing the cost.

It reached such a bad point that, in January, the Norfolk Fruit Growers' Association took action. It is managed by Keith Culver—and I think very few people would dispute the fact that he is the most knowledgeable apple person in Ontario. He gained some of his initial experience in British Columbia, under their marketing system. He then managed the system in Norfolk for many years.

He was a member of the apple commission for a number of years. He got so fed up with the

situation this winter that he sent out quotes to the chain stores that were \$1—and, in some cases, \$2—below the commission price, simply to bring it to a head. The chain stores realized they had a problem. They asked for a meeting with the apple commission and eventually things sort of got back on the road again.

However, one of the reasons cited for this problem is due to the proliferation of packing houses, augmented by Board of Industrial Leadership and Development grants. A couple of years ago there were only about 17 packers packing apples in Ontario. With the BILD grants we now have about 60. These people are all competing for the same market at a time when the actual number of buyers is diminishing.

United Co-operatives of Ontario people told us the other day that the way they see the chain stores thing, there are only going to be two of them left here in Ontario.

Hon. Mr. Timbrell: Two?

Mr. McGuigan: Two chain stores.

Hon. Mr. Timbrell: Oh, two chain stores, yes.

Mr. McGuigan: There are only going to be two of them. We have about five now. They told us that this is what they see happening down the road.

Hon. Mr. Timbrell: Probably franchised.

Mr. McGuigan: The other people will be pushed out of the industry.

However, the point is that we have a large number of people trying to sell to a small number of buyers. The only way you can do that, the only way you can offer products to those buyers, is by shading the price in some way.

There seems to be a sort of a moth to the flame attraction for producers to keep on packing. Everybody has a secret ambition to be a packer. We are talking about a new generation of producers who were not around prior to the beginning of the apple marketing commission. These fellows think it would be great to be a packer. They do not know anything about the terrible price wars we had going on prior to the apple commission.

If I could tell you just a little about that, we formed a volunteer group back about 1960 or something of that sort. The main package for apples was a six-quart basket. Everyone agreed that it should sell for 60 cents a unit, but because of people trying to shove one another out to get in through the very narrow funnel there was in this marketing system, we got the price down to 42 cents, like eggs when production costs were

35 cents and sales were down to 17 cents a dozen.

That group of people has pretty well gone. We now have a new generation of people encouraged by Board of Industrial Leadership and Development grants. There is quite an article here in the Canadian Fruit Grower. I had conversations with Keith Culver last January about this, and this article here simply confirms what I learned from Mr. Culver and other growers, and also during my own apple operation which was one of the original packers.

I should go back and say we deliver directly to chain stores. Whenever there was a sale of apples on in the produce department, our deliveries would drop way down and they would use us for a fill-in and would order their sale apples from the warehouse.

I do not see how that can go on very much longer. We have to decide whether we are working through a central warehouse, whether we are working store deliveries or whether we have eliminated the eight per cent. That is something, of course, that the apple commission is going to have to decide.

In deciding on the BILD grant, did you really look at what the long-term effect would be on the market? Did you ask people knowledgeable in the trade what the effect is going to be?

Hon. Mr. Timbrell: Yes, and of course our own staff is quite knowledgeable about the trade. Most of the applications approved to date under the storage packing and assistance program have been for improvements of existing storage facilities, in some cases installation of controlled atmosphere storage.

Mr. McGuigan: I am not complaining about cold storages.

Hon. Mr. Timbrell: There are only five new packers that have been established as a result of the program. I think you said 17 to 60.

Mr. McGuigan: That is right. This chap who was quoted here, Jim Totzke, is a member of the apple commission. He says here, "Now, instead of 17 packers, we are getting close to 60. Those packers are trying to sell to buyers who are getting fewer and fewer in numbers."

Hon. Mr. Timbrell: Apparently, there are about 60 packers, but as far as new packers getting established under this program are concerned, there have only been five.

How many applications all told have been approved?

Mr. Wheeler: There are almost 600 in total;

75 grants for apple projects so far have actually been made.

Hon. Mr. Timbrell: A lot of them will be on-farm storage, and so forth. As far as the numbers of packers are concerned, only five new ones have resulted.

3:40 p.m.

Mr. Wheeler: Only five new packers. A few producers may have received assistance for bin dumpers for packing for roadside sales, or something like that. However, of the people who pack other people's apples for retail stores, there are only five new ones.

Mr. McKessock: There was assistance through the federal government for packing plants. Just in defence of the apple growers in my area, Grey county, where there are 5,000 acres of apples, there have been new packing plants started there.

I believe the farmers in my area thought they were a bit at the mercy of these big packing plants, or that they had to truck their apples out to get them stored and eventually packed. With the production in our area, they felt they should have more storage and packing facilities, so that they did not have to move the apples out of the area and then be at the mercy of the large packer to package and sell them at a later date.

Hon. Mr. Timbrell: I was in your area about about three or four weeks ago and I certainly found that this program, in that area at least, has been very popular. This confirms what you are saying.

As far as the pricing matters are concerned, the commission, quite properly, has had some stock audits done. As a result, they have laid charges against those that they found to be in contravention of their pricing decisions.

They are doing their own internal evaluation of the marketing of apples in the province. Once that is completed, they will bring it in and discuss it with John McMurchy, as head of the farm products marketing branch on our staff. I have no way of knowing what that internal review will turn up or what they will recommend.

Mr. McGuigan: There may very well be areas my colleagues feel need some solving.

I think that when you say there are only five new packers, there is probably a distinction that we have to make between packers and grower-packers. The packer is a person who just has a warehouse, a yard and a truck. He buys apples from the producers and packs them. Then we have grower-packers, who grow and pack their own products, as well as some from their

neighbours. The result of all this activity is that we have far more capacity than we need.

I am thinking of one chap—I have not been in this operation myself, but I got this from a letter—who says he is only getting one day a week at a packing operation. He has a great big operation and a lot of money involved in it, a beautiful operation, but it only runs one day a week.

It is a situation in Ontario agriculture that has dogged every minister. If you go back to the cheese situation, there are more cheese producers with more capacity than they have raw product. These people are in the same boat. They are competing to try to get that product. We have created a new problem in the case of apples; we have just too much capacity out there.

Hon. Mr. Timbrell: We do not think there is too much capacity. The matter has been raised several times in the last four to six months, so we are taking a look at it within the ministry. Before very long I expect that staff members will be presenting some recommendations as to whether or not we should continue to entertain applications for storage and packing assistance programs.

However, I recall that last year, in looking at the problem of winterkill in eastern Ontario in 1980-81 and 1981-82, we had a lady by the name of Miss Fedorkow look at the situation. She reported that something in the order of a million new apple trees are in the ground today that will come into production from 1985-86 onwards.

Assuming those figures are correct, the apples are going to have to be stored. That also creates even more reason for the commission to get its own house in order in respect to the marketing of apples in the province—an excellent crop, by the way—and it creates additional impetus for efforts to market our apples in England and elsewhere around the world.

Mr. McGuigan: I have been through a couple of these cycles because I have been with the industry a long time. A lot of people are saying we are going to need all this added capacity, but I think you will find that what will happen is that these new highly productive dwarf orchards, when they come into production, are absolutely going to force out the old standard trees. The old standard orchard will give you, under good conditions, about 400 bushels per acre. These new types of trees that are coming in are going to produce a minimum of a thousand bushels per acre.

The economics of it will be that they will simply force out the other production. People

will scream and holler, but they will not go on losing money forever. That will force them out. Very few people will see any way to market double the production. The United States is coming up with crops of 200 million bushels and Europe is absolutely flooded with apples. The French government got into a greater apple production program over there.

There may be some hope of marketing them in the Far East. Even the markets that have been gained in the last two or three years—there were quite a lot of apples sent to the Middle East because of all the extra oil money in the Middle East—have been dropping back. The export market is dropping, not increasing, and we have this fantastic amount of trees in the ground that are going to be producing in two or three years. My submission is that we will not need that capacity.

Hon. Mr. Timbrell: As I say, we are taking a look at it internally to see if your submission is correct. If it is, then the answer is obviously to stop encouraging applications. If it is not, then we will carry on.

At the present time, we meet about 70 per cent of our domestic consumption. Does that sound correct? I think it is about 70 per cent of domestic consumption that is used through domestic production; the other 30 per cent is being brought in. Some of it is specialty apples like the Granny Smith from France and so forth. A lot of it is in apple concentrate.

With the trees that are in the ground, especially if we proceed with the program for eastern Ontario, it seems to me we will have to deal with winterkill, which will result in more trees being in the ground.

Giving what has been done on storage and packing assistance, even if we approved no more storages after today, we have to take a look at our domestic marketing, to take an aim at that 30 per cent consumption that is coming from elsewhere now. We have to even that out as much as possible and step up our efforts in the United Kingdom. We have a good market there and our product is well received. We will be looking at that market to see if anything more can be done.

Mr. McGuigan: I am certainly in favour of all the production we can grow here. I would like to point out that most of those imports are really varieties that one can only grow in the southwestern peninsula of Ontario. I know my friend will not agree with me—

Hon. Mr. Timbrell: You are talking about your own little problem.

Mr. McGuigan: I am talking about Red and Golden Delicious. Those are the ones that are coming in. They are taking advantage of what we cannot grow here at all.

Mr. McKessock: I will bring in my Beaver Valley Delicious.

Hon. Mr. Timbrell: There is some research going on within the ministry on some of these specialized varieties, to look into the future to see what could be done in the province.

3:50 p.m.

Mr. McGuigan: I am not complaining about the storage program; I am not saying there is not a place for BILD. All I am saying is that you have to take a real look at the total industry to see whether or not you are helping or hurting.

Hon. Mr. Timbrell: I agree. It does not really matter what sort of programs you want to talk about, we have always to be careful that we are not encouraging production of any commodity for which there is not a market or for which there could not be a market with traditional assistance on the marketing end. Is that what you are saying?

Mr. Chairman: I wonder if we could split items 2, 3 and 4 between Jack and Mel and, if we have time, cover tile drainage. If we have not—are you here next week?

Mr. Riddell: I think we agreed to end the vote this session.

Mr. Chairman: Yes, although there is no money actually voted on tile drainage. If we ran out of time, we could probably sneak it in next week. I do not think people would object.

Let us at least try to split the time on items 2, 3 and 4 anyway; and, if we have the time, let us do the tile drainage. I am not sure how much time each of you needs.

Mr. Riddell: I would not be longer than 10 minutes.

Mr. Chairman: Okay. Why do you not lead off then on everything else except item 1 in 1902?

Mr. Riddell: I know Mr. Swart wants to get on to the preservation of agricultural land and I think he is probably going to treat it from a different aspect than I am. I am going to confine my remarks to the nonresident foreign ownership of farm land, something that some of us take far more seriously than I believe the minister does. I know, in his response last week, he insinuated that I was way off base when I

suggested far more than one or two per cent of the land in Morris township had been purchased by nonresident foreign owners.

Every year we have the Huron Federation of Agriculture present a brief to the local members of Parliament.

Hon. Mr. Timbrell: Federal or provincial?

Mr. Riddell: In March 1983 we were presented with several briefs, one pertaining to nonresident foreign ownership of farm land. They entitled their brief, Concerned Farmers for Ontario Farm Land. I am going to read just one or two pages that are contained within this brief to show you that there is a lot more concern out there about nonresident foreign ownership than the minister might believe. The brief goes as follows:

"Ontario farmers are being threatened on many fronts. Agriculture has many economic problems, like other industries in our flagging economy, but this is an ongoing problem which causes us fear and uncertainty: absentee foreign ownership.

"One group, composed of a nucleus of concerned farmers, originated in early 1982 after a Stratford seminar and we have seen nothing since then to lessen our fears. Government studies of the Non-resident Agricultural Land Interests Registration Act, 1980, show 150,000 acres of Ontario farm land are foreign-owned, but we know this greatly underestimates the problem. Huron, Dufferin and Wellington counties, to name just three, all have more foreign ownership than stated."

Jack Johnson will certainly back us up on this. Jack is very much on our side when it comes to nonresident foreign ownership of farm land.

"But the real problem can occur very suddenly and locally. Huron county has had a 40 per cent increase in foreign ownership in the past year. In the centre of the buying area, Morris township had about 200 acres foreign-owned three years ago, 2,000 acres one year ago, and now 4,000 acres are foreign owned. This type of activity has a tremendous detrimental effect on the local area, both economically and socially.

"What typically happens when an absentee foreign owner buys a farm? Land tends to be purchased in large blocks over a short period of time and run either as a large corporate entity or the land is rented out on short-term leases. Barns, farmhouses, fences and woodlots are often demolished as a nuisance.

"What problems does this cause for agriculture? Firstly, the family farm is the backbone of Canadian agriculture, and any studies done

show it remains the most efficient operation for the foreseeable future. Absentee foreign ownership destroys the family farm, it limits expansion of present farms and makes it almost impossible for young farmers to enter the industry.

"The absentee foreign buyer has that extra dollar to outbid the local buyer. In good times, when buyers are competing strenuously, that extra dollar pushes prices higher and higher. In bad times, when buyers disappear, the absentee foreign owner gets the land for as little as possible, one dollar more than the local farmer can pay.

"Secondly, as farmers, some of our return from our work and investment is in the intangible form of our lifestyle. This, too, absentee foreign ownership threatens. As land becomes foreign owned, there are fewer and fewer farmers. Churches, community halls, stores, farm equipment suppliers and whole hamlets will disappear as the farmers disappear. Assessment costs will shift to the remaining population. Property tax changes now proposed will accelerate the destruction of absentee foreign-owned farmhouses.

"Farmers never have gotten the cash return of other workers. Part of their return is the beauty of the land and the sense of wellbeing and health their lifestyle provides. This, too, is threatened by absentee foreign ownership. Tenant farming and large corporate farms do not give those returns.

"What do we fear? As the family farms and communities disappear, control of agriculture goes to agribusiness and corporations. Ultimately, food prices rise, stewardship of the land deteriorates, soil erosion increases, drains fail, yields eventually decrease."

I am reminded of a saying of Jimmy McGuigan's, and I think it is very appropriate. I think the saying goes that the owner's footsteps across the land is the best fertilizer the land can ever have.

Mr. McGuigan: It is really from Lawrence Kerr; it is from China.

Mr. Riddell: So this stems from Lawrence Kerr, who picked it up in China? Here we have all kinds of owners of farm land who will probably never place their feet on that land, and you can just visualize what is going to happen down the road.

"The family farm system, with its private ownership, has produced an abundance of food. We are all aware of the shortages in countries like Russia and the violence in Latin America. Their problems are created by their system of

agriculture. Do we have to wait for this before our government will act?

"If absentee ownership can be controlled by legislation in Prince Edward Island, Manitoba, Saskatchewan and Alberta, why not in Ontario?"

That was a brief that was prepared by Douglas Garniss, of RR 4, Wingham; Peter Oosterhof, RR 2, Grand Valley; Melvin Hill, RR 2, Arthur; and John Van Beers, RR 1, Blyth.

What I am trying to tell you is that I am not dreaming up the figures regarding foreign ownership of farm land. You can stick to whatever figures you have coming in in connection with the registration act, but I am going to tell you are not getting close to the true facts and the figures regarding the foreign ownership of farm lands.

As a matter of fact, there was a fellow who phoned at noon today—I was down at lunch and I am not going to be able to get back to him until eight o'clock tonight—who said, "Jack, I have some information that is going to astound you." This was the message he left about the foreign ownership of farm land.

I just wish that I was able to get hold of him sooner because I have to impress upon you the seriousness of this nonresident foreign ownership of farm land. It is still running rampant in certain areas of the province. The farmers are most concerned, I am concerned and I think it is time you became more concerned and seriously considered putting in legislation to control the foreign ownership of our farm land.

Hon. Mr. Timbrell: What do you mean by control?

4 p.m.

Mr. Riddell: Take the example of some of the other provinces that actually restrict the amount of land that can pass into the hands of nonresident, foreign owners. If they want to come over here, farm the land and compete with our farmers, that is another story. By and large, most of us were immigrants to this country originally. We purchased land, but by the same token, we stayed here and farmed the land.

It is the foreign owners who are speculating on the land. It is these foreign buyers who are putting their money over here for speculative purposes. They know that it is a good investment. It is a hedge against inflation in their own country, or was. I guess inflation is somewhat reduced in some of those countries, but it still does not seem to have dampened the desire on the part of foreign owners to buy our farm land.

I think it is just a crime that we are selling the

one last primary resource we have in this country. Let's face it. In practically everything else—I do not care whether you are talking about industry or business or whatever—Ontario has practically sold the shop to foreign interests. Surely we are not going to follow that same example in connection with our primary food land here in Ontario!

I want to impress upon the minister that it is a very serious problem in parts of Ontario. I think it is time that we did more than just try to get a handle on how much of the land is actually going into foreign ownership. I think it is time that we followed the examples of the other provinces and introduced legislation to curtail or restrict the amount of our good agricultural land that is going to be sold to nonresident, foreign owners.

I do not think that, 10 years down the road in your travels around Ontario, you want to see that happen, and I hear you talk about being here, being there and being elsewhere. I am going to tell you that in 10 years' time, if you are still the minister and travelling around Ontario, you are going to see so many ghost towns in Ontario.

I can name some of them in my own riding. I will bet you that Dashwood will probably not be existing 10 years down the road. Places like Zurich and some of these smaller towns and villages are simply not going to exist.

Mr. McKessock: Ten years down the road there may be a Swiss or a German agriculture minister.

Mr. Riddell: We are losing our farm land. The farmers who are selling are migrating to larger urban centres and, therefore, our smaller communities are going to suffer to the point where they are going to pass into oblivion.

Hon. Mr. Timbrell: I do not for a minute underestimate the concern of the member and his constituents about the issue. In answer to the member for Grey (Mr. McKessock), I speak French and a little German, so perhaps I would qualify even for that, if, as you suggest, there will be a Swiss minister of agriculture. I do not speak the Swiss-German dialect, but I know some of the others.

However, I do not know how you can sit there and say that we sold this valuable resource down the river, when, at this time, we have one per cent—

Mr. Riddell: According to your figures.

Hon. Mr. Timbrell: All right. I will come to that.

Mr. McKessock: They are way off base.

Hon. Mr. Timbrell: Hold on. I will come to that. One per cent of the farm land is foreign-owned.

On the question of the registration, last December you released a list of 31 properties. This was in connection with the issue of whether the Land Transfer Tax Act should be amended. I told you at the time that I had already recommended this to the Minister of Revenue (Mr. Ashe). He had agreed, and we had both gone to cabinet. Cabinet had agreed to close that loophole.

I assume you released that list because you believed that not only had they not paid the land transfer tax, but we did not have them registered either. Let me remind you that 30 of the 31 were, in fact, already registered. One of 31 was not already registered under the act.

If memory serves me correctly, you mentioned a township. I think it was Morris township. We went through percentages at that time and we showed it as having four per cent foreign ownership. I acknowledge that some townships are higher than that one per cent of the provincial average. Some have none; some are higher. If I remember correctly, you said at the time that your figures indicated something like 40 per cent or more.

Mr. Riddell: I have heard different figures—15, 30 and 40 per cent.

Hon. Mr. Timbrell: The only point I was making last week was that I asked you at that time to provide me with your information. I am always prepared to accept that we can be wrong. I do not believe in government infallibility.

The only point I was making last week was that, to the best of my knowledge, you have never given me or my staff the information to back up the allegation you made at the last estimates about a much higher level of foreign ownership in that township. I think it was Morris, was it not? Was it Morris or Derby? I think it was Morris.

I would just repeat that if you are still of the view that our figures are so out of whack with what you believe to be the true state with respect to foreign ownership in that township, please—again, I ask you—give me your figures. We will track them all down.

Mr. Riddell: All right. I will give you the names of people your officials should contact. One is Bill Elston, former warden of Huron county. The other is Tony McQuail, the presi-

dent of the Huron County Federation of Agriculture.

Hon. Mr. Timbrell: I want to come to that.

Mr. Riddell: You contact those people and they will tell you.

Hon. Mr. Timbrell: I was in your county on April 20 at an Ontario Federation of Agriculture annual meeting up in Lucknow.

Mr. Riddell: Were they talking about the property tax rebate?

Hon. Mr. Timbrell: They were talking about a number of things. Mr. McQuail and Mr. Elston were there. Neither of them offered me any information.

Mr. Riddell: Did you ask them?

Hon. Mr. Timbrell: No, I did not, but you told me six or seven months ago that you were going to provide me with information. I would be the last one in the world to say that our system is infallible. All I am asking you is to give me names, give me properties you think we have missed.

I offered to share information with you if you would come over to the branch, and the offer still stands. I just do not know how you can say that—at one per cent—this birthright, this invaluable, irreplaceable resource has been sold down the river.

There is a second thing. Since the summer of 1982 we have been doing a land use survey of all the farm land in the province. What my staff report to me about what they have found, with respect to foreign land, is at odds with what you are saying.

They have found that, in the main, the land that has been purchased by foreign interests is being well cultivated, whether it be by individuals who intend eventually to immigrate to Ontario or by individuals who are trying to protect their money from inflation, the threat of communism, or whatever, in Europe.

They report a lot of tile drainage going in and a lot of improvements being made to buildings and to the land in question. Quite frankly, what they also report is that if there is a problem about land being poorly looked after and buildings poorly maintained, the problem is more with absentee Canadian owners of the land.

I do not know if you were there for that part of the discussion in Kapuskasing a week ago Monday, but when I was in Kapuskasing last week they had concerns about the maintenance of certain farm properties. However, their concern was not with foreign absentee owners.

Their concern was with absentee Ontario or absentee Canadian owners of farm property not looking after those properties, not keeping the buildings up.

Mr. Riddell: That is a concern, too, of these farmers.

4:10 p.m.

Hon. Mr. Timbrell: Sure. But are you also going to advocate that, in addition to restricting the amount of land any foreign individual or interest can buy, forcing Canadians, or telling Canadians, what they are to do with the farm land they own?

Mr. McKessock: I have a couple of suggestions for you.

Hon. Mr. Timbrell: I think not. Or would you?

Mr. Riddell: You are certainly going to have to consult with the people who are being affected, the small communities and the farmers, to see what their opinions are on it.

Hon. Mr. Timbrell: Well, yes. I have had a number of meetings. I have met with a group from Dufferin county. I knew, going into Lucknow, that this would be a matter of local concern. I just have to say to you again, as I said to them that night—I stood before those people and told them my views.

I do not think that the facts, as we know them, would seem to support the notion that we should be trying to legislate some artificial restrictions. I say "artificial" because, even in the jurisdictions where they have passed legislation, they are having a deuce of a time making it stick.

For instance, Manitoba is looking at—what is it, a 10-acre restriction? How do you police that if you have a family in Holland or the United States or whatever, a mother, father and six kids? Are you going to stop that family from buying 80 acres?

Mr. Riddell: Are they coming over to farm?

Hon. Mr. Timbrell: Whether they are coming to farm or not, if they have a family corporation or a family unit, are you going to stop them from each having 10 acres? That is how you can get around those kinds of things. Even those kinds of laws can be beaten.

I submit to you that the one thing which is slowing down, and will slow down, the rate of foreign acquisition of farm land is the closing of that loophole in the Land Transfer Tax Act. That is why, when we looked into the matter last year—and it was one of a number of issues w

were looking at after the changes in the ministry—we concluded that this was the one thing we felt had to be changed. It is being changed, as you know.

Mr. Swart: On a point of order, Mr. Chairman: This morning I agreed to bypass land preservation to let the people from the Liberal Party speak about the other matters. We were going to divide the time up evenly this afternoon. We had only 30 minutes left for land preservation. That was going to be divided equally, and we are past that now.

Mr. McKessock: Can I make a couple of suggestions on this question of foreign ownership? It will only take me a couple of minutes.

Mr. Swart: Yes, I heard that before, and we are now left with 15 minutes.

Mr. McKessock: You know I am not as long-winded as—

Mr. Chairman: The only problem is that the minister takes—he certainly devotes the attention and time that these questions deserve. I think Mr. Swart is right. We should allow him to go.

Hon. Mr. Timbrell: I am just trying to give full and complete answers.

Mr. Chairman: I think we can exercise some flexibility in the last day in allowing—

Mr. McKessock: Are we dropping the foreign ownership question now?

Mr. Chairman: I think the first consideration was that we divide the time. Mr. Swart is certainly more than—

Mr. Swart: If I may proceed, I spent considerable time on my lead-in dealing with the matter of land preservation. Since that time I have had the opportunity to read Hansard and the reply of the minister to it. Because of that—not diminishing the matter of foreign ownership, but because of the reply to my concerns—I want to spend substantial time on this again.

Certainly, from those replies of the minister, there was a very real lack of knowledge of what is taking place. It has taken place over many years in this province. There was an indifference to the loss of land and there is certainly an unwillingness to do anything about it.

I was quite amazed, actually, by some of his replies. He questioned the figures I had given of the 15 to 20 to 25 per cent loss of class 1 land in this province. There was an apparent lack of realization of the importance of preserving our class 1 land.

Hon. Mr. Timbrell: With respect, nobody is challenging that. You used a number of figures last week which cannot be substantiated.

Mr. Swart: Well, they can be, and I am going to do it.

First, I want to deal very briefly with the need to preserve our class 1 land. I have here the Canadian Imperial Bank of Commerce report of 1977, Canada's Food Land Resource. The statement is made there. I am not going to read as much of it as I would like to because of the shortage of time.

It deals with the issue of the difference in productivity of class 1, 2, 3, and 4 land. It says: "In this respect, a recent study has shown that for certain field crops, class 2, 3 and 4 Ontario soils are only 80, 64 and 49 per cent as productive respectively as class 1. Similar results were obtained in studies covering Ontario forage crops and in soil performance comparisons in the prairie provinces."

What we have here are studies showing that, with the same inputs, you get 80 per cent of the productivity of class 1 land with class 2 land; 64 per cent with class 3; and 49 per cent with class 4. I want to point out that even those figures do not deal with climatic factors. They do not deal with the heat units, which make the yields from the land in southern Ontario—and particularly in our class 1 land, which is in the southern part of southern Ontario around the Great Lakes and through southwestern Ontario—so much higher than they are in class 2, 3 and 4 lands elsewhere.

There is also the recent lands directorate publication of Environment Canada, Agricultural Land Use in Canada, which I suggest should be compulsory reading for the minister. It indicates the seriousness of our loss and, once again, the importance of preserving our best agricultural land, especially in these times of high energy costs.

I read from page 8 of that document: "The maintenance of the agricultural land base allows Canada"—and we have talked about the need to maintain the agricultural land base—"to maintain its options and reduce its reliance on foreign sources of foodstuff. If areas of better agricultural land are paved over or fragmented, the production of key crops will either disappear from Canada or will be displaced on to poorer soils that require greater inputs of capital, labour and energy to obtain the same product.

"However, Canadians are continuing to develop on the best of their agricultural land resource,

taking short-term gains at the expense of future generations. This can only reduce Canadian future competitiveness, relative to foreign sources, and further exacerbate the problems of less secure food supplies."

We were warned by the Ontario Institute of Agrologists back in 1975 of the danger of the policy whereby we are using up our best land. On page 1 they state: "The institute emphasizes that supplies of land capable of producing food at the lowest cost are very limited and should be considered a national resource in the truest sense. Steps designed to keep this land in production will provide long-run benefits to society as a whole through assuring both the lowest possible cost of food as well as assuring that there will be food supplies available.

"There will be short-run costs involved in preserving food land for food production. The institute feels strongly that society must be prepared to meet those costs in order to ensure future food supplies."

You could name any number of documents which make those same kinds of statements, all almost irrefutable. The other day, when I said that 15 to 25 per cent of our class 1 land had gone, the minister questioned my figures.

Hon. Mr. Timbrell: You are not going to quote a bank newsletter, are you?

Mr. Swart: I certainly am because the bank's newsletter gives its sources of—

Hon. Mr. Timbrell: I thought you thought they were all pariahs.

Mr. Swart: I much prefer to quote the Preservation of Agricultural Lands Society. However, with the kind of people we have to impress here—particularly the minister—I think the bank letter is more appropriate.

Hon. Mr. Timbrell: I am amazed. I mean, you are selling out.

Mr. Swart: No, I am not selling out. I am talking a language which I think you will perhaps understand.

I am quoting from the Commercial Letter of the Canadian Imperial Bank of Commerce in 1977, Canada's Food Land Resource. It says, "The most obvious threat to Canada's food land is urban development." Although foreign purchase may ultimately escalate, to date the major loss of our prime food land has been in urban development.

4:20 p.m.

The letter states: "The most obvious threat to Canada's food land is urban development. Here

the tendency has been for Canadians to concentrate in the few rapidly expanding centres in the southern, and therefore warmer, part of the country, where some of the better food land is located. There is evidence that there is a loss of at least 200 acres for every increase of 1,000 in urban population."

We have in the southern part of Ontario an urban population of around seven million people, give or take a half a million—perhaps it is more than that—almost all of it located on our prime land. If those figures which I have quoted are correct, and they can be verified through actually examining the amount of land used by an urban centre like Toronto, we have lost in the neighbourhood of one million to one and a half million acres of our prime land to urban development.

Hon. Mr. Timbrell: Would you like to have the figures?

Mr. Swart: Give me your figures later, I am going to continue with mine.

Hon. Mr. Timbrell: Maybe if you had the right figures it would reinforce your argument.

Mr. Swart: You have had your opportunity.

This refers, of course, not only to the land actually occupied by the city, but the amenities too, whether they are airports or whatever the case may be. However, those figures I gave you do not include the loss of land to hobby farmers and the urbanization which has taken place out in the rural area.

Hon. Mr. Timbrell: Would you prohibit hobby farmers?

Mr. Swart: Yes.

Hon. Mr. Timbrell: Or tell people what to do with their money?

Mr. Swart: Of that urban development that has taken place in southern Ontario, something like 75 per cent of it has been on class 1 land. In the Toronto area, all of the Toronto Metro complex is on class 1 land, including Mississauga, Brampton, all of this area. We are talking about three million people on class 1 land and all of the amenities to it.

Even if you go to the Ottawa, London, Kitchener or Waterloo areas, all of them are on class 1 land. The land that is not class 1 is predominantly class 2 land.

Hon. Mr. Timbrell: I asked you last week if you would freeze all that land, and you said you would not. Right?

Mr. Swart: I am not saying I would freeze it, but there are ways of preserving it without

freezing every acre of land. We will go into that further. You are not doing anything about it. There are ways of preserving—

Hon. Mr. Timbrell: I do not accept that and the facts do not support that kind of ridiculous allegation. You are being silly.

Mr. Swart: We can use your own figures from ARDA on acreage and soil capability class of agricultural land in Ontario, which show we have 4.8 million acres of class 1 land in Ontario. If we use the figures on classes of soil given by Environment Canada, it is 5,329,000 acres. We have taken up of our prime land in the neighbourhood of one million acres of class 1 land—three quarters of a million acres perhaps or 1.25 million acres. If we have taken up one million acres by urbanization, that is 20 per cent of the class 1 land in Ontario, and I suggest to you that is an extremely serious situation.

You talk about the amount of improved crop land and try to tell us there are one million more acres now of improved crop land than there may have been about 10 or 15 years ago.

Hon. Mr. Timbrell: A decade ago.

Mr. Swart: I am not going to argue that point or the terminology "improved crop land." But if we are talking about a land base of prime agricultural land, class 1 land, in Ontario, it has been diminishing, and diminishing rapidly, in this province.

Hon. Mr. Timbrell: You yourself have said several times in answer to questions from me that in some cases there is no alternative with certain development proposals. Have you not?

Mr. Swart: Of course there is not. The difference between—

Hon. Mr. Timbrell: The difference is that you think your judgement is better than mine.

Mr. Swart:—your philosophy and my philosophy perhaps is a difference of permitting 50,000 acres of class 1 land or 500,000 acres of class 1 land to be used.

Mr. McKessock: If you were a hungry there would be an alternative.

Mr. Swart: You bet there would be an alternative.

I have only 20 minutes and I intend to use it. The improved crop land does not tell us anything about our land base. It does not tell us anything about our class 1 land and what has been happening to it. I am saying to you that in this province 15 to 20 to 25 per cent of our class 1 land has irretrievably gone out of production

primarily through urban development upon that land.

Hon. Mr. Timbrell: Are you counting every village in the province as urban development?

Mr. Swart: I am talking now about the total urban development, yes.

Hon. Mr. Timbrell: Every village, every hamlet in the province?

Mr. Swart: I am talking about the urban development on our land. I am saying that 15 to 20 to 25 per cent of it has gone irretrievably, because it is built on, whether it is highways, cities, industrial land, shopping centres or airports. Our class 1 land has been irretrievably lost. A good part of that has taken place since the war; there is no question about that. Nothing has been done about it, and your government has been in power for 40 years.

Hon. Mr. Timbrell: The reason I ask you that is when I take a look at the total acreage of the top 30 urban centres in the province—Barrie, Belleville, Brantford, Brockville, Chatham, Cornwall, Fort Erie, Guelph, Halton Hills, Hamilton, Kingston, Kitchener, London, Midland, North Bay, Oshawa, Ottawa, Peterborough, Sarnia, St. Catharines-Niagara, St. Thomas, Sault Ste. Marie, Stratford, Sudbury, Thunder Bay, Timmins, Metropolitan Toronto, Trenton, Windsor and Woodstock—the total urbanized area of those 30 centres, and these are ARDA's figures from about 1981, on classes 1 to 3 is a little over half a million acres.

Mr. Swart: That does not include all the amenities, all the highways, all the airports and all the other things. That does not include those.

Hon. Mr. Timbrell: I will come back to that. Every time you make this argument, really what it comes down to is you are saying your judgement as to where people should live, where highways, airports, hydro lines or whatever should go, is better than ours or somebody else's. Even when I go back and look at your own private member's bill in 1980, it still requires that the development be justified. Your own bill is really no different from the Food Land Guidelines.

Mr. Swart: The minister perhaps forgets the origin of the bill.

Hon. Mr. Timbrell: I am not talking about the origin of the bill. I am talking about what is in the bill.

Mr. Swart: It is important because that was not my bill. That bill was introduced first by your member, Mr. McCague, in the Ontario

Legislature as a private member's bill. I picked it up, introduced it and debated it. The Conservatives stood up to oppose that bill.

Hon. Mr. Timbrell: When you look at that bill and the guidelines, you are saying your judgement would be better than somebody else's. That is all it comes down to.

Mr. Swart: I am saying that a New Democratic Party government would do much more to preserve class 1 land than you would, the prime agricultural land.

Hon. Mr. Timbrell: You have said you would not freeze class 1 land. You are saying that certain developments have to go ahead.

Mr. Hennessy: We would be bankrupt.

Mr. Swart: You put your views on record with regard to Mississauga. You said the position of the ministry of the time, when they were discussing 12,000 acres in Mississauga, was that they had proven there was a need for the land for growth in Mississauga. There apparently was no other land in Mississauga, let us say, with a class 5 or class 6 categorization, none of even class 4 or class 5 there, that could be used instead of the prime land, so it had to be released, and it was approved. That showed your priorities.

Hon. Mr. Timbrell: Go on. I also pointed out that the—

Mr. Swart: You will not shift development away from the prime agricultural land. I want to ask two questions and then you can have it.

Hon. Mr. Timbrell: You are selectively quoting. I also pointed out, at the time of the evaluation of that proposal, that the ministry found out and was of the view that the infrastructure to support the agricultural use of that land no longer existed. It would be uneconomic. Nobody could farm it.

4:30 p.m.

Mr. Swart: Twelve thousand acres? I tell you that this is economical farm land. There are questions I want to ask you, and I hope you will answer them directly.

Hon. Mr. Timbrell: Okay.

Mr. Swart: Are you or your government prepared to shift urban development growth in Ontario away from the prime lands, particularly class 1? In Mississauga, you were not. If you are not, what does subsection 4A.4 in the Food Land Guidelines mean?

Does it mean you are only going to keep that land for agricultural purposes until the urban development comes out to it, and then you are going to permit it to be put within the urban

boundaries? Is that what you mean by those guidelines? That is what has happened in every instance to this time.

Hon. Mr. Timbrell: You know very well that the government has had a policy, going back to the late 1960s, going right back to Mr. McKeough's "go east" policy, to encourage growth away from Metropolitan Toronto.

The question is, do you force people to go where they do not want to go, or do you provide incentives and try to keep in step with where people want to live and where jobs are? It is all very well if you are saying that all growth should be on class 4 to class 7 land, but you yourself have acknowledged that in certain cases there is no alternative but to allow certain developments to proceed.

You never talk about the cases we have opposed, where we have been successful in stopping certain developments, large and small.

Mr. Swart: Where have you stopped the urban growth? In what city have you stopped the urban growth on the prime agricultural land? Name the city.

Hon. Mr. Timbrell: I would certainly argue, and I think you acknowledged it yourself last week, that in the case of Niagara, the application of the spirit of the guidelines resulted in a significant reduction in the amount of land committed to growth in the region of Niagara. You acknowledged that yourself.

Mr. Swart: Vacant land which has already been broken now. If you are going to break it even before those boundaries are reached—

Hon. Mr. Timbrell: I asked you at that point. "Would you freeze it in perpetuity?" You said, "No, you cannot."

Mr. Swart: Much of it has to be frozen in perpetuity.

Hon. Mr. Timbrell: Where?

Mr. Swart: There may be instances where much of our class 1 agricultural land has to be preserved in perpetuity.

Hon. Mr. Timbrell: Where?

Mr. Swart: In all kinds of places—around the city of Toronto, around the Niagara region.

Hon. Mr. Timbrell: That is what I tried to ask you last week.

Mr. Swart: There may be instances where you have to give permission.

Hon. Mr. Timbrell: You get into the philosophy of whether governments should, in effect, say to any person anywhere that his rights as a

property owner to ask for a change in the designation of his property should be irrevocably taken away.

Mr. Swart: I believe you did not say that. Ask for a change is a different thing from saying that you have a policy which refuses changes except in extraordinary circumstances.

Hon. Mr. Timbrell: That is the whole point of municipal planning. When I came to this assembly 12 years ago, it was a very rare municipality outside of the largest urban centres that had an official plan. Today it is the opposite. It is a very rare municipality outside of the urban centres that does not have an official plan.

Mr. Swart: There has been no change in the pattern of growth.

Hon. Mr. Timbrell: We have made tremendous advances in the last decade to 15 years in municipal planning, in the adoption of official plans and appropriate policies. I could show you. We have brought a map today to show you, for instance, the number of municipalities that have adopted the Food Land Guidelines in their official plans. It is really quite impressive.

Mr. Swart: They do not mean anything.

Hon. Mr. Timbrell: They do mean something.

Mr. Swart: They are not enforced. I read you the article in the St. Catharines Standard. You did not even comment on it.

Hon. Mr. Timbrell: In effect, you are still saying your judgement is better than anybody else's.

Mr. Swart: You are breaking your own policy 30 times. Those 65 acres of prime land are included in an industrial area. It is not even needed for use.

Hon. Mr. Timbrell: Your own private bill puts the onus on municipal authorities to make certain judgements. Ergo, as John White used to say, you are accepting that land use planning is a joint responsibility of the municipalities and the province. What you are saying is that the elected council in Niagara—and I am not defending any of their decisions or attacking any at this point—made decisions you would not make if you were on that council.

Mr. Swart: They broke their own legislation.

Hon. Mr. Timbrell: That comes back to the right of the land owner. I think you are now saying that some land owners should not have the right to ask for choice in their land use. That is what you are saying.

Mr. Swart: Go right ahead.

Mr. Chairman: Once again, I am not sure we are going to arrive at a consensus here, and it is not our job to do that.

Mr. Swart: Because we are worlds apart.

Mr. Chairman: I would like to do two things. I would like to carry this vote, with some understanding we will allow Mr. McKessock a few minutes next week on tile drainage. Fair enough?

Vote 1902 agreed to.

The committee adjourned at 4:36 p.m.

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Riddell, J. K. (Huron-Middlesex L)
Swart, M. L. (Welland-Thorold NDP)
Timbrell, Hon. D. R.; Minister of Agriculture and Food (Don Mills PC)

From the Ministry of Agriculture and Food:

McMurchy, J., Director, Farm Products Marketing Branch
Meiser, Dr. J., Director, Dairy Inspection Branch
Wheeler, J., Director, Fruit and Vegetable Inspection Branch



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Agriculture and Food

Third Session, 32nd Parliament

Wednesday, June 22, 1983

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, June 22, 1983

The committee met at 10:05 a.m. in committee room 1.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (continued)

Mr. Chairman: I call the meeting to order. We are here to finish the estimates of the Ministry of Agriculture and Food, on a motion by Mr. Wells that notwithstanding the adjournment of the House, the committees scheduled to meet on Wednesday, June 22, and on Thursday, June 23, be authorized to meet on these days.

The clock is a little fast, but I will have it changed for 4:30 so that we will be right on time at 4:30. It now being 10 of the clock, I declare the proceedings open.

10:10 a.m.

We are on vote 1903. However, I think you will recall that I had suggested that Mr. McKessock get five minutes at the start of this meeting. He waited patiently through two full days to get on, and we never got him on.

Hon. Mr. Timbrell: I would like to know what those weeds were that you brought.

Mr. McKessock: That is why I brought them, to find out what they were, or if some of the professionals down here could tell me what the weed was.

Mr. Chairman: That was his bribe to the chair so that he could get on this morning.

Mr. McKessock: I thought it was some kind of a grass. Mr. McLaughlin is going to take it and inform me of the real species.

Hon. Mr. Timbrell: Is it something that is a problem in your area?

Mr. McKessock: It is quite prevalent in my first-year crop of hay, and I had not planted it, so I was wondering what it was.

Mr. Chairman: Do not use up your five minutes.

On vote 1902, agricultural marketing and development program:

Mr. McKessock: Oh, sorry. I have a copy of a May 24 letter that was sent to you from the reeve of Melancthon township, pertaining to their tile drainage allocation for 1983-84. I will just go through this.

"The council of the corporation of the township of Melancthon considered your letter concerning the 1983-84 tile drainage loan program at a meeting on May 5. Council was extremely disappointed at the very low allocation for Melancthon township.

"Last year was a very bad year for tiling in our township. We processed only one small loan. Previous years we had more than our allocated \$4,700. With farm prices so low for the last few years for beef, hogs and potatoes, farmers in this township cannot afford to tile without the support of the tile loan program.

"If our allocation is not increased, no tile will be installed this year, and we will only use \$2,400 to pay for our loan for last year's work.

"We would be happy to meet with you at your earliest convenience to review our situation."

I would just like to say that Melancthon township is right next to Proton. Even though they are the highest points in Ontario, both of these townships are low-lying land areas which are quite damp. Tile drainage is very necessary.

For a township like this to only have an allocation of \$4,700—I have always felt there is something a little wrong with the way the allocations are made. I know that some townships are up in the \$100,000 to \$200,000 allocation, and that it is based on their last year's application forms, but I think this has to be changed in some way.

Hon. Mr. Timbrell: How would you change it?

Mr. McKessock: I think you have to look at the township and the need, and then determine how much they should get.

Hon. Mr. Timbrell: Basically, what we try to do, and what we did this year, is to simply allocate to them an amount equivalent to what they spent last year. We have no way of knowing, when you make the allocations in the late winter or early spring, what the demand will be—whether it will be higher or lower, or the same. At least you can get the process started by doing that.

I suppose there is another way to do it. Last year, we allocated 50 per cent of their previous year's activity, and then made adjustments in the summer and the fall. This year, we decided

to go with 100 per cent of the previous year. I guess we will know, in the next short while, what the level of activity is likely to be. I am meeting with the tile drainage contractors soon, and we will get their input as well.

I have already alerted the Chairman of Management Board (Mr. McCague) that I want to talk to him about it. Once we know what the anticipated activity is in the province, we want to know whether there should be some kind of a redistribution of the money, or whatever.

Mr. McKessock: Have you responded to Mr. Oldfield on this letter?

Hon. Mr. Timbrell: I think so.

Mr. McKessock: They have requested a meeting. Is that being arranged?

Hon. Mr. Timbrell: No. At this point, I am not meeting with any of the townships until we get a better understanding of what the demand or need is right across the province and until I talk to the Chairman of Management Board to see what can be done.

Mr. McKessock: In a township like this, it looks as if they are only going to get about \$2,400 this year. I guess that is 50 per cent of last year's allocation, or something like that.

Hon. Mr. Timbrell: No, no.

Mr. McKessock: I guess they only had one loan last year.

Hon. Mr. Timbrell: In 1982, we started the year by allocating 50 per cent of the previous year's activity. Then we made adjustments through the balance of the year. This year, we have given them an amount equal to 100 per cent of what they ended up using last year.

Mr. McKessock: I would hope that for townships like Proton or Melancthon, where tile drainage is very necessary, there might be a basic allocation of \$15,000 or something like that. Even that is a small amount compared to what some townships are getting. To keep them down under the gun like that, it seems they have no way of breaking out of that small allocation. The farmers get discouraged, too.

Hon. Mr. Timbrell: Last year, some townships ended up with quite a bit more than their initial allocation, depending upon the demand. Others ended up spending quite a bit less because of local weather conditions, the economy in that county, or whatever.

Mr. McKessock: Is this adjusted during the year?

Hon. Mr. Timbrell: We adjusted them in September of last year, accordingly. The staff

have been talking to the various councils. We have had letters from a number of them. There are some townships that did not have any drainage activity last year, or in some cases for a number of years, that are saying they would like some money this year. They have not had allocations yet, so that is another element of what we are considering, and talking to Management Board about.

Mr. McKessock: As Mr. Oldfield pointed out there, these farmers are not going to go out on a limb and do this until they know they are going to get the money. That is what I mean. If they had a basic \$15,000 allocation, you could say that you would cover up to that amount so that they could at least go ahead with that amount.

Hon. Mr. Timbrell: If I showed you the map of drainage activity, you would see there are some townships which have not done any drainage for a number of years. This year, we may find that there are one or two requests, but if you gave them all \$15,000, you would end up with an awful lot of money committed that you really know is not likely to be used. You would end up having to reallocate it later on, anyway.

Mr. McKessock: If there was no activity there the year before, I can see that. However, in a township like Proton or Melancthon, you are going to find there is some activity all the time on account of the soil.

Hon. Mr. Timbrell: Yes, and their allocation this year is equal to the level of activity last year, as it is in every township that had an allocation.

Mr. McKessock: Which is unrealistically low at \$2,400, or whatever. That just does not give them a chance to move at all.

Hon. Mr. Timbrell: It is \$3,700.

Mr. McKessock: Thirty-seven hundred? Glenelg township is another one in Grey county that is concerned about its allocation.

Mr. McLean: I have about eight in my area the same way.

Mr. Chairman: Is that your supplementary?

Mr. McKessock: As I mentioned, I had hoped for years that there would be some different way of treating these townships with very low allocations, that they be given a chance to get off the ground. They really seem to be underfoot, the way it is right now.

Hon. Mr. Timbrell: Last year, we started out the year by saying that eastern and northern Ontario, where there has been limited drainage activity over the years relative to your part of the province, would be given priority. Whatever

else happened, they would get all that they needed in order to build up a base there.

10:20 a.m.

Last year, we also went to the 60 per cent, which was roughly the average of debenture participation in the previous year. We recommended that across the board. We were trying, starting in 1982, to rationalize the system, and to put it on a more equitable footing.

As it ended up, primarily because of weather, the level of activity in the total province was less than anticipated. Not only were we able to give eastern and northern Ontario townships everything that they required, we were able to give every township in the province what it required for the total year. Between the estimates allocation and an additional allocation at budget time, we had \$36 million. We ended up spending just under \$30 million.

The \$6 million was not wasted. I guess you could say that it went into the farm improvement program, because that ended up being \$8 million over budget. As I say, if you have any suggestions as to how you think it could be done more equitably, that will be all well and good.

There are certain counties, of course, that have built up a very high level of activity over the last decade, particularly Essex, Kent, Elgin, Middlesex, Lambton and Huron. One way of doing it, I guess, would have been to say, "All right, you guys are frozen," or, "You are cut 10 per cent in order that more money can be made available for the Melancthons and the Protons and the townships in eastern Ontario." However, I did not choose to do it that way.

Mr. McKessock: You say that you have given them everything they required. I question that they did get everything they required. They made applications because they did not have any money there, like this one, Melancthon.

The one farmer did go ahead and did it last year. This year, they are going to pay him. However, there are a lot of farmers out there who cannot afford to go ahead and do it. They are not going to do it until they know they are going to get the money. That is the problem.

I think that this is probably how some of these other townships have built up such a big allocation. They have gone ahead and done it, taking a chance that they would get the money. These farmers are not doing that.

Hon. Mr. Timbrell: We did tell them last year that if they had applications, or in the event that there was not enough money to satisfy all demands by the end of the year, anyone who

was on the waiting list should be treated in the next year—that is, this year—in the order in which they had applied. People would not be completely out in the cold, having done the work and not getting consideration. We wanted to have that equity established in the system.

I will take a look at your suggestion. Mr. Spencer tells me that it would involve an overcommitment of about half a million dollars if we went at \$10,000, and a \$750,000 overcommitment if we went at \$15,000.

Again, I am assuming that your suggestion would be to do that with every township that had had drainage activity in the previous year, not every township that exists. There are so many that just have not done any work, particularly if you look at where I come from, in Frontenac county. There are a lot of townships that just have never done any work, and may never do any work, because of the topography.

Mr. McKessock: Anyway, are you going to be following up on my suggestions?

Hon. Mr. Timbrell: Yes, I will look at that for next year.

Mr. Chairman: I have a whole pile of supplementaries. We can carry on quickly on this. There is Mr. Johnson, Mr. Swart and Mr. McGuigan.

Mr. J. M. Johnson: Minister, I would like to compliment you on the program. Last year was an exceptionally good year for my townships. Reeve Piet Bouwhuis, of the township of East Luther, complimented me last Wednesday and said they had more tile drainage money than they needed. That was based on the allocations over the last few years.

You encouraged us to tell the people, if they needed it, to present their needs. I did that in my townships and found that over the period of a year many of them came through and they were quite satisfied.

One thing last year was the high interest rates in general farming that maybe had a depressing effect on the program, but I think this year the lower interest rate and your eight per cent figure should encourage them.

This township of East Luther is adjacent to Melancthon, which Bob is talking about. It is one of the wettest townships in the province and they really need tile drainage money and they were quite pleased.

I would encourage you to keep the same type of program and encourage the people to install tile drainage because it has to be one of the most

beneficial projects this ministry can become involved in.

Hon. Mr. Timbrell: Okay. I am going to take a look at the suggestion that Mr. McKessock has made.

Mr. Chairman: Good question.

Mr. J. M. Johnson: I am just asking the minister to continue the program.

Hon. Mr. Timbrell: I do not think there is any question that we will continue the tile drainage program, but we will take a look at Mr. McKessock's suggestion of some minimum level—maybe not \$15,000. Apparently it used to be \$10,000; I am not sure when that was dropped. I will take a look at your suggestion for next year.

Mr. Swart: I have two or three questions; I guess the minister has already answered one. You did say, in fact, that all requests were met last year.

Hon. Mr. Timbrell: The debentures which were authorized by the councils were all purchased last year.

Sorry, there were a couple of townships—it was a small amount of money but there was a problem in a couple of townships where they passed their bylaws too late to be considered, but those were matters of technicality. If they had had them in on time they would have been purchased.

Mr. Swart: Perhaps you could elaborate on that a little further. You are saying that all the debentures issued were bought by the ministry. Does that mean, though, that the farmers may have been turned down by the municipalities because their allocation was not sufficient?

Hon. Mr. Timbrell: There would be some cases where the municipality would draw the conclusion that they would not get much more, so they discouraged applications up to or past a certain point. All I am saying is that, with a couple of minor exceptions in a roughly \$30-million program, the debentures the municipalities authorized were bought.

Mr. Swart: I was just wondering, relative to Mr. McKessock's question about people not applying, is it not the general practice in the municipalities, as it was when I was reeve, that you keep a list of people who come in? If you do not have the allocation, you keep that list. No one has just said, "Sorry, you go out the door." You keep the list and you apply for additional money. Is that not the standard practice throughout the province?

Hon. Mr. Timbrell: Yes. What we had said to them last year was that, where they had those lists, if they found at the end of the year the demand was greater than the amounts covered by the debentures, they should treat everyone on those lists in the following year in the order in which they had appeared before them, so there would be a carryover.

It is my understanding, and I think I am correct, that in previous years there was quite an inconsistency across the province. Some did it that way; some, at the end of the year, just wiped out the list and started with a clean slate the following year. Some people, therefore, would have gone ahead and done certain work and could not be considered.

Mr. Swart: Are there any guidelines that go out to municipalities on this?

Hon. Mr. Timbrell: On that, yes.

Mr. Swart: The guidelines do go out?

Hon. Mr. Timbrell: Yes.

10:30 a.m.

Mr. Swart: I have a couple of other questions. I understood you to say that the allocations to municipalities are on the basis of their expenditures last year. According to your estimates presentation, although you had budgeted last year \$30 million and spent \$23.7 million, you have budgeted \$30 million again this year. Does this not mean that there will be a substantial sum available after these allocations are met in case of need?

Hon. Mr. Timbrell: That is because of the \$6-million BILD allocation. We are showing that as having been spent. We actually spent in total \$29.3 million, \$6 million of which was from the BILD account, \$23.3 million of which was from the estimates allocation. So they are showing that, from the estimates allocation, \$23.3 million was spent, but in fact the total was \$29.3 million.

To date we have made allocations of \$29.7 million, because again there were a few municipalities that got mixed up on their debentures last year and, strictly speaking, did not spend any, or did not spend as much as they required, so we allowed for that in the allocations this spring. Do you follow me?

Mr. Swart: I follow you—I think I do—but the estimates book then is slightly misleading because it had \$30 million in the estimates and the results, which we would assume would be the total results, was \$23.7 million.

Hon. Mr. Timbrell: It is \$23.3 million.

Mr. Swart: This year you have \$30.2 million. Does that include BILD again?

Hon. Mr. Timbrell: No, there is no BILD allocation for that this year.

Mr. Swart: There is no BILD allocation for it.

Hon. Mr. Timbrell: No.

Mr. Swart: In fact, then, you have already allocated almost all of that \$30.2 million.

Hon. Mr. Timbrell: That is right.

Mr. Swart: The final question on this issue is do you have projections at this time? Is the state of the economy, the financial situation of the farmers, having any effect either up or down? Is it too early yet to have projections?

Hon. Mr. Timbrell: I think it is too early. The staff have been talking with a number of the municipalities. Some are indicating the need for more, some are saying what they have been allocated will likely do them, others are saying they will not need as much. It depends on weather to a great extent, given the very wet spring we have had, and in some areas it will depend on the local farm economy, but I think it is a little early yet to be very definite about it.

Mr. Swart: That money will be shifted around. When some do not use their allocations, will they be shifted to other municipalities where there is a need, such as Mr. McKessock pointed out?

Hon. Mr. Timbrell: That will be subject to Management Board approval. We would have to go to them and get their approval, but that is certainly what we have done in the past.

Mr. McGuigan: We are talking on drainage, I presume. I was not here at the very beginning.

I have some concerns. They really start with my concern about soil management and soil erosion. The emphasis in the past has always been on draining the land so when it rains the top layers of soil will accept the rain and you do not have erosion.

We are seeing a situation in southwestern Ontario where, because of the move to monoculture and the heavy tractors and equipment we use in compaction, we are not getting that absorption.

I thought for a while this was just a feeling of my own, but a producer involved in the Rondeau watershed started telling me about this phenomenon; he had seen it on his own farm. This is something no one else prompted him into saying; he saw it himself. I want to speak about that when we come to talk about soil erosion.

What I am working up to is that I think we are reaching a time when we need to integrate with the Drainage Act the acceptance of the fact that we have an erosion problem. It is simply not all a matter of tile and underground drainage; it is a matter of farm layout, waterways, open ditches and all these sorts of things.

Mr. McKessock: They are removing too many fences.

Mr. McGuigan: They are taking fences out of that whole area. To be specific, I can think of tile drainage that was put in very near me at a cost of something like \$50,000 which covered about a mile of a particular strip 50 feet wide—

Hon. Mr. Timbrell: That is a municipal drain.

Mr. McGuigan: It was put in under the Drainage Act. It drained farms. It also took a fair amount of water off the road, so it was taking the water down through a grade situation. They changed an eight-inch tile to something like a 14-inch tile at a cost of about \$50,000. It covered a mile of a particular strip 50 feet wide. I think that would be roughly six acres. That is awfully expensive for six acres of ground when you divide it into \$50,000.

The point I am making is that under the authority of the act a petitioner can call for this and have it done, but is it really cost effective?

Hon. Mr. Timbrell: One of the key considerations is to show the cost benefit—

Mr. McGuigan: In the end, it still does not take all the surface water. There is still water running over the surface. The reason for going from an eight-inch to a 14-inch tile was to accommodate all the water, but it still does not accommodate all the water.

Probably if we had gone through there with a grassed waterway it might have required more than 50 feet of width, but—

Hon. Mr. Timbrell: As you know, as I presume you have seen a copy of it, we asked the pedology institute to do a review course on the question of soil conservation and erosion and released that report at the Christian Farmers Federation of Ontario annual banquet. You were there, Mr. Swart. When was that? February?

Mr. Swart: It was around February.

Hon. Mr. Timbrell: Their indications are, and I think their estimates are perhaps a little conservative, that soil erosion is costing us about \$75 million a year in lost productivity. It was most interesting that they pointed out that—I cannot remember exactly—50 per cent or 75 per cent of the problem they felt was

correctable by the farmers themselves in their individual practices.

In fact, just a couple of days ago, I had a chance to look at a couple of films we had prepared, one of which was done about four or five years ago, on erosion and the effects of poor management. One of the worst examples was in your riding near Ridgetown.

Mr. McGuigan: Excuse me. We will likely be talking about your new programs and maybe we could cover that later.

I am concerned now with the integration of the soil erosion and drainage programs.

Hon. Mr. Timbrell: I agree. I think they do have to go together.

Mr. McGuigan: Another problem that comes up on the Drainage Act is the cost of bridges. A number of years ago when an open ditch ran through a farm, you would lay down a few trunks of trees, planks or whatever and take the horses or small tractors across. Today's farmer has a combine which is worth about \$100,000. He does not want to take that across some bridge that is likely to collapse, so he ends up putting a bridge across to service maybe four or five acres in the back corner of the farm, and the bridge costs \$20,000.

It is usually on the lower end of the watershed and people higher up the watershed are required to help pay for that bridge. The next fellow up gets a bill for the bridge and thinks that if he is going to have to pay for this, he might as well have a bridge himself. When you get every farmer along that line calling for a bridge, the costs can be just astronomical.

10:40 a.m.

There is another area that is soon coming up, and that is where there is quite a large ditch alongside the road. Farmers are coming in now with tractor-trailer trucks with 30 to 40 tons of fertilizer and in the spring they just make one trip for the whole farm. They are coming out with loads of tomatoes.

When these bridges have to be replaced, you are looking at figures of \$40,000 to \$50,000 a farm. Then you start asking yourself, how can a farm community afford this? I do not know what the answer is, but what I am suggesting is that the time is approaching for a review of the Drainage Act.

Hon. Mr. Timbrell: Maybe Mr. Spencer might want to comment on that aspect of it.

Mr. Spencer: I could make a couple of comments. If you had three or four acres serviced by a bridge, it is certainly possible

under the act to give an allowance which might be less than the cost of the bridge and simply not provide the man ?? access to that property. I think you could appreciate that that is not very popular. The act is set up so the local people do take a large degree of the local responsibility. If there are abuses there, I guess some of the remedy has to be at the local level by a strong council and so on.

The other problem is a tradeoff type of problem. The farmers are the ones who are paying for these bridges and also the ones who are demanding them. Theoretically, they could off-load on the road or on the side of the road in some instances, but it is a service that the farm people are asking for and to a large degree they are paying for it. Some of our grants are going towards those bridges, but it is a local tradeoff problem and past philosophy has always been how far the ministry should intrude into the decision-making process.

Mr. McGuigan: Under the piecemeal system, I apply and get my \$40,000 or \$50,000 bridge and say, "Well, it is only going to cost me \$10,000 and the neighbours will pay the rest." But when my neighbour puts one in and then my neighbour on the other side puts one in—

Hon. Mr. Timbrell: And you get into it.

Mr. McGuigan: —then we are all paying \$40,000 or \$50,000. Can the agricultural community afford that?

Hon. Mr. Timbrell: I would think that this would still get back to the question of cost benefit; whether it is required and whether the benefit derived justifies the costs.

Mr. McGuigan: It does in an individual case.

Hon. Mr. Timbrell: I think the cost over the course of the whole drain is involved. There is a case going on right now down in Leeds. There is a big drain proposal down there, in Harlem, and it is one of the hot issues locally over whether the benefit to be derived from it will be such that the cost justifies it. I am sure that is going to end up at the tribunal, if it is not there already—it may already be there—to adjudicate that question.

I really think, as Vern says, that one of the very important factors is the local council, if they are strong enough to say, in certain cases, "We just do not think this is necessary, or that this is justified in terms of the benefit—not just for that farm, but across the course of the whole drain, however many are involved."

Mr. McLean: Are you talking about municipal drains?

Hon. Mr. Timbrell: Yes.

Mr. McGuigan: What I am suggesting is that very few municipal councils are going to resist. They always come to one bridge at a time, and it is not very popular to turn this bridge over to the other side. I do not know what the answers are, but I see a big problem. It is building all the time—

Hon. Mr. Timbrell: But the other individuals still have the right of appeal to challenge the assessments and whether, in fact, it is a beneficial project or not.

Mr. McGuigan: But very often, because of neighbour relations, they don't.

Hon. Mr. Timbrell: The only thing worse to deal with in the farm community is severances. This whole drainage matter invariably leads to all kinds of hard feeling.

I give you the example of Amherst Island. I walked into the middle of a dispute there last summer. I was just going over to tour the island, look at the community pasture and a few things, and all of a sudden there I was, right smack dab in the middle of a meeting in the local public school.

One group on this side of the room absolutely opposed this Miller drain, and the people on the other side were saying, "We've got to have it." There are people on that island, whose families have been friends for generations, who no longer talk.

Mr. McGuigan: They intermarry, too.

Hon. Mr. Timbrell: Yes. I think they still talk—that is, the couples. However, it is a very emotional situation. We have another one on Wolfe Island right now, the Reeds Bay drain proposal. There is Mariposa; I saw John Eakins come in here a moment ago. Mariposa is another one that led to very hard feelings locally.

Mr. Riddell: Not to mention your involvement in the Schalm drain in Hay township.

Hon. Mr. Timbrell: Invariably, we get drawn into them all, I guess. That is why we have the tribunal, and I must say it does an excellent job. In fact, when the term of the tribunal chairman had just about expired, I had any number of letters from members of the opposition as well as farm organizations saying, "Please do not replace the chairman of the drainage tribunal, he is doing a very good job." I certainly took note of that advice, and asked him to stay on.

Mr. McGuigan: Even we agree.

Mr. Chairman: I still have several others—

Mr. McGuigan: I will just wrap up. All I was suggesting is that the time may well be here

when we need an airing and a consensus of the whole farm community as to where we are going in these farm drainage costs. I am not saying that you step in and start ripping things up or changing things drastically around.

Hon. Mr. Timbrell: Not for the second change, no.

Mr. McGuigan: But I think we have to start talking about these items—

Hon. Mr. Timbrell: In fact, one of the things I am considering doing is establishing a permanent advisory body on agriculture. It could take a look at issues like that, consult with the whole community, and give the minister some independent advice on where, in this case, the drainage program should go for the next five or 10 years. It has been in place now for just about 10 years. There are any number of subjects occurring to any of us here today that could benefit from it.

As you know, one of the things we did in the reorganization of the ministry was to establish a policy in the finance group, to try to put us in a better position to look beyond the current brush fires. It seems to me that some kind of a body made up of people like Mr. O'Brien, for instance, that could take on these jobs and conduct these independent analyses might be very helpful.

Mr. Riddell: If the chairman's emolument is \$60,000, I might be a candidate.

Hon. Mr. Timbrell: I can assure you that if I do it, it will not be. I am not going to pay anyone more than I am making.

10:50 a.m.

Mr. Riddell: I will be very brief. I am not as convinced as my colleague is that tile drainage contributes greatly to soil erosion problems. I am more inclined to think it is the farming practices which we are going to have to change.

This really came to light on my own farm when I ploughed down some grass that had been there for, I would imagine, 20 or 30 years to put in a garden. Right next to it we have corn planted which has been in continuous cropping for I do not know how many years. Now that we have this stretch of dry weather, I tried to make a hoe mark in the land where the corn is growing and, I will tell you, you need a pick to break up that land. As a matter of fact, they tell me that rotary hoes are simply running across on top of the land, not digging in at all, in our part of the country.

In the case of the garden soil, where I ploughed down the sod, I could not ask for anything nicer and it has not been touched with

chemicals of any kind. There are all kinds of dew worms there.

Hon. Mr. Timbrell: It is a great example of rotation.

Mr. Riddell: I really think that as we proceed down this old agricultural road, we are sure going to have to look at some changes in farming practice. This comes under soil erosion.

Hon. Mr. Timbrell: It must be a year ago that I was talking to Bill Stewart, the former minister, and he was telling me that in the latter years he was in the portfolio and in Parliament he had a farm manager on the property whose philosophy was to maximize everything—get everything you can out of every square foot. As a result, he could see his land going down and down.

The first thing he did after he retired was to get rid of the farm manager, take it over himself and go back to the kind of rotation he had learned as a young man and had practised when he had control of his own property. Another example is contour ploughing. There is example after example.

Mr. McGuigan: A practitioner of that in Ontario is right here.

Hon. Mr. Timbrell: Maybe we need to put you out on the farm belt preaching.

Mr. McGuigan: Oh, you have already been trying to do that with me.

Mr. Riddell: I think tile drainage is still very important. In that regard, I have heard several expressions of disappointment that you dropped the tile drainage program when you changed what I considered the old capital grants program to the farm productivity incentive program, which still included tile drain. But now, with the new program, the soil conservation and environmental protection assistance program, tile drainage does not fall under that program.

You talk about opening up agricultural lands in northern Ontario and eastern Ontario. The only way you are going to do that is, first, clear the land and, second, the land is going to have to be drained. For some reason you have dropped tile drainage from that.

Hon. Mr. Timbrell: Under the northern Ontario rural development agreement, drainage and land clearing are still part of that. In fact, if I remember correctly, under NORDA to date, there have been roughly 28,000 acres cleared, or perhaps 26,000 cleared and 28,000 drained, or the reverse. There has been quite a bit done under that program in northern Ontario.

Then in eastern Ontario, under the eastern Ontario subsidiary agreement, there is an enrichment of the municipal drainage program—we are trying to get finally sorted out with Mr. Lumley and his staff how that is going to go ahead under that agreement—on approved drains to the limit of funds available. Between the federal government and ourselves, we are covering two thirds of the cost rather than the usual one third.

Mr. Riddell: Your feeling must be then that there is adequate drainage in southern Ontario, or do you not feel that there are still all kinds of land in southern Ontario that require drainage?

Hon. Mr. Timbrell: Sure there is. There is no question that there is.

Mr. Riddell: Then what was the reason for dropping tile drainage from the new program?

Hon. Mr. Timbrell: Essentially, availability of money. If there was unlimited money available, I suppose we would try to add to it. We had a certain amount of money available. We wanted to give new emphasis to soil conservation and maintain the emphasis on manure storage. Those two are interrelated and certainly tie in with the existing tile drainage program. We decided we would just have the two aspects and we tried to do two things extremely well, leaving the \$30 million available for tile drainage debentures.

Mr. Riddell: Have you observed a wide degree of interest in this program or applications coming in?

Hon. Mr. Timbrell: We have had some in. This is the first year—are you familiar with this?

Mr. Spencer: No, I am not.

Hon. Mr. Timbrell: Is there anyone here who can answer that?

Mr. Spencer: No, I guess we are a little off base.

Hon. Mr. Timbrell: I can give you the figures.

Mr. McGuigan: Mr. Chairman, while the minister is looking something up, could I put something on the record?

Hon. Mr. Timbrell: Okay.

Mr. McGuigan: If I gave the impression that tile drainage was the cause of erosion, I want to correct it. I certainly did not intend to imply that. What I did intend to imply that it was not the all-encompassing solution it once was.

Hon. Mr. Timbrell: No.

Mr. McGuigan: It was a pretty good solution, but as my friend says, with changing soil man-

agement practices it is no longer the almost single solution it once was.

Hon. Mr. Timbrell: But there are cases. Again, I go back to these films I looked at the other day—one of which is four or five years old and the other which has just been completed and will be released soon for use by 4-H groups and soil and crop improvement associations and so forth. There are a lot of cases where the drainage is fine, but not enough attention has been paid to the outflow and how that is managed; that has led to erosion problems. To that extent, if it is not a complete package—whether it is grassed waterways or whatever is appropriate—then as I understand it, drainage can lead to big problems.

The figures to June 21, which was Monday, are: 89 erosion control projects received in the branch and 143 manure storage projects received in the branch, for a total of 232. I do not have the dollar values there. Are they here? Are these all those received to date?

The total value of the manure storage projects received to date is \$2.4 million, estimated grant to \$561,000, roughly; estimated cost of the soil erosion projects to date, \$406,000; and, assuming they are all approved and some may not be, estimated grant liability to date just in excess of \$200,000. That is in the first few months of the program, so the takeup appears to be fairly good.

Mr. McGuigan: Any indication from what area the erosion projects came?

Hon. Mr. Timbrell: From Elgin county, for instance, to date there were 14 applications. This has been broken down between manure storage and erosion projects, \$78,000 in manure storage and \$22,500 in erosion. From Kent, 10 applications received to date; \$38,300 in manure storage projects and \$27,850 in soil erosion projects. Those are the total estimated costs; the figures are less than that, of course, for the potential grant. I am just trying to see here—Lambton, Lanark, Lennox and Addington; I assume Perth and Oxford are the largest to date.

11 a.m.

Mr. McGuigan: Probably those later ones are manure storage more than—

Hon. Mr. Timbrell: In the case of Oxford, that is true. About one third overall are for erosion.

Mr. Chairman: Jump in there, Mr. Swart, whenever you get a chance.

Mr. Swart: Yes.

Hon. Mr. Timbrell: In Elgin there is one for building erosion control and another for windbreaks, grassed waterways, catch basins, grassed waterways, grassed waterways, windbreaks, drop-inlet spillway, tile outlet protection—

Mr. Riddell: Do you have to have approval before you go ahead with, say, a windbreak? I am asking this for personal reasons because I am in the process of putting in windbreaks on my own farm—between my neighbours' farms and mine. Do you have to have that kind of project approved before you put in your trees?

Hon. Mr. Timbrell: I believe so.

Mr. Smith: You have to file a notice of intent.

Mr. Riddell: It may well be that my neighbour went ahead. He initiated the project. I hope he made application. We have all kinds of pine trees and whatnot started between our farms to try to stop the wind erosion; that part of our farm is fairly sandy.

Just to conclude my remarks, and it may be of interest to Mr. Swart in a partial response to his question, the Big O Drain Tile Co. Ltd. had a very good year last year compared to the previous two years. My brother is the vice-president of marketing for Big O Drain Tile and he said they made a profit last year. That came as somewhat of a surprise to me because I would have thought with the problems farmers were having they would have held back on tile drainage, but Big O had a very good year last year. In the two previous years they operated at a loss.

Hon. Mr. Timbrell: Judging from the last time I landed at Centralia and saw the tile stacked next to the runway, they must be anticipating another good year.

Mr. McKessock: Can you tell me what you meant by the drop-inlet spillway?

Hon. Mr. Timbrell: Who can explain?

Mr. Riddell: Volunteer, Ralph.

Hon. Mr. Timbrell: There is one there.

Mr. Riddell: What you say will be on record forever and a day.

Hon. Mr. Timbrell: I had better be careful.

Mr. Swart: And no one will read it.

Mr. Chairman: Unless they think they can use it to embarrass you. They will if you make a mistake.

Dr. McLaughlin: If it is right, it is all right.

A drop-inlet structure, by and large, tends to be like a concrete sewer where you have water running to a ditch bank, but not over the bank

and into the ditch. It would run in through a grate, down into a holding tank to kill the momentum of the water, and then out into the stream.

Most spillways tend to be of concrete construction and basically just carry the water. In other words, you would cement over your water runways. A grassed waterway would be a spillway, but when we talk about spillways we talk about them as being cement, where you would usually run water quickly down a fairly steep slope.

Gully control would have a spillway in it, where you run the water to the edge of the gully and then pave the gully to get the water to the bottom, rather than using a drop structure and then out the bottom.

Mr. McKessock: Are we talking, for this drop-inlet spillway, category 1 or category 2 of the program?

Dr. McLaughlin: Category 1. We are asking that they be engineered.

Mr. McKessock: I have some other comments on this program. Do you want to go ahead with it now, or—

Mr. Chairman: No, let us wait until new programs. I have Mr. Swart. You had another comment on this?

Mr. Swart: Yes. Immediately after I received an answer from the minister, it bothered me a bit and I wanted to get back to the issue. If there is any change in the allotments and if allotments are not used by one municipality for tile drainage, you have to have the approval of Management Board of Cabinet to transfer that to another municipality. Could you explain that?

I understand that if you have an allotment under the Ontario farm adjustment assistance program, you do not use it all up. However, in the program itself, just to change from one municipality to another, you have to get approval of Management Board. It seems rather strange.

Hon. Mr. Timbrell: Having sat on Management Board for a couple of years and having had to deal with Management Board for 10 years in cabinet, I find it strange at times, too. However, when you are dealing with large programs like this, it is not uncommon to have to go back and resubmit any changes to proposals.

Mr. Swart: So there is a possibility, if it was a tough year financially and there were many municipalities who did not use their programs, that the money would not be switched. I think you said that on previous occasions they had given approval to it. There is always the possibil-

ity that you might not use all the money which has been allotted to municipalities.

Hon. Mr. Timbrell: I suppose there has always been that possibility. In fact, last year we did not spend as much as we thought we were going to require. We spent money in other areas. However, the fact is that it is subject to approval by Management Board.

Mr. Swart: Even in changing from one municipality to another? For instance, there is a municipality in Bruce county that did not use the money, and there is another \$10,000 needed for another municipality. I forgot the name; you were talking about it. That transfer would have—I suppose not individually, but in fact—to be approved by Management Board, with the possibility that it would not be approved.

Hon. Mr. Timbrell: The point is that we have to go back to show them what we think is likely to happen. We have to show them whether there is a need for new allocations.

There are some townships looking for money this year that do not presently have allocations because there was no activity there in recent years. We have to reduce some, because of lengthy underspending, or increase others. All of that would have to go back; we would have to show them what the facts are across the province.

Mr. Swart: Even though that is within the limit set—

Hon. Mr. Timbrell: Other ministries are in the same boat on many programs. I am looking at the list here—

Mr. Swart: I think the five minutes is just about up.

Mr. Chairman: As soon as the sweep hand gets to the top there.

Hon. Mr. Timbrell: Similar variety; grass and waterways; catch basins; seeding and sodding; ditch banks; header tile; fencing ditches and watercourses. These are the kinds of projects that people are concerned about.

Mr. Swart: This whole matter of looking after these details would not by any chance be because cabinet ministers do not trust each other; they might think they are trying to hide some money in certain areas. You do not need to answer that.

Mr. Chairman: Mr. Riddell, Mr. Swart and Mr. McLean all want to ask questions on vote 1903.

Mr. G. I. Miller: Mr. Chairman, I wanted to make a few comments—

Mr. Chairman: Yes, but you were not here in the last few days.

Mr. G. I. Miller: Mr. Chairman, listen, goddammit, I want to say something here now.

Mr. Chairman: With that attitude, you are not going to say anything. Mr. Riddell has the floor.

Mr. G. I. Miller: As a member of the Legislature, I have the right to come into the committee and make some comments because I am interested in agriculture.

Mr. Chairman: We are running—

Mr. G. I. Miller: On a point of privilege then.

Mr. Chairman: We are an hour and five minutes beyond the time allocated for this particular vote. In fact, we are a day beyond the time allocated, and I cannot carry on any further. Those who were here on the last day have carried over to this one.

Mr. G. I. Miller: Okay, but we have some concerns in our riding that should be brought to the minister's attention.

Mr. Chairman: I have a good feeling that the minister will look after all those concerns, but I am on vote 1903 and I have to go to that.

Mr. Swart: On a point of order, Mr. Chairman: I agree with your ruling and I do not think that we can switch from one area to another. However, I will personally not object if you wanted to allow him to put his point of view for a limited period of time.

11:10 a.m.

Mr. Chairman: I have his name down. I do not think we have ever been critical of people when they strayed from one vote to the other. I think that, if he waits his turn, he can probably get his question in as soon as everybody else does. Mr. Riddell.

Mr. G. I. Miller: Mr. Chairman, I think our rights have been abused because of the fact that the committees are sitting only on Wednesdays. Because of other duties in this Legislature, we have not been able to attend; it is not because we have not been available.

I do have a concern in regard to agriculture that has been brought to my attention and I would like to bring it to the attention of the Minister of Agriculture and Food. If I do not have that right, then I guess I might as well get up and leave.

Mr. Chairman: Mr. Miller, you have the same rights as all the other members. Your name is down. When your turn comes up, we will be glad to go to you. Mr. Riddell?

Mr. Riddell: Chances are that this vote may not take all that long, in which case we could come back and finish off on tile drainage.

Mr. G. I. Miller: It will only take me two minutes to make my point. It is in regard to debentures on tile drainage.

Mr. Riddell: I am prepared to stand down, if you are prepared to give him time to talk about this.

Mr. Chairman: Mr. Miller.

Mr. G. I. Miller: Thank you, Mr. Chairman. We have had correspondence with the minister in regard to debentures on tile drainage. The debentures have been taken up by the municipality. They are running at 20 per cent, and it is causing a tremendous hardship to many of these farmers who have to pay that 20 per cent. There does not seem to be any way they can get relief. This is for five years.

As we all know, much of the farming community is in trouble because of the high interest rates. I would like to bring it to the minister's attention one more time, to see if there is anything that might be done to alleviate the problem.

Hon. Mr. Timbrell: Are you talking about a municipality that has sold debentures other than to the province under the tile drainage program and used that money to make further loans to farmers?

Mr. G. I. Miller: The municipality is putting out debentures, yes. They took them on at a high rate of interest, 20 per cent.

Hon. Mr. Timbrell: But they are not debentures that we bought, are they? They cannot be because we have never—

Mr. Swart: Tile drainage or municipal drainage?

Mr. G. I. Miller: Municipal drainage.

Hon. Mr. Timbrell: This is what I am trying to get at. They cannot be debentures that we bought because we have never—

Mr. Swart: Municipal drains.

Mr. G. I. Miller: Municipal drain debentures, yes, at 20 per cent. The farmers are locked in to pay that 20 per cent interest for five years.

Hon. Mr. Timbrell: It would be a project where the province picked up a third of the cost. The province has already paid a grant of one third of the cost of an approved municipal drain project.

What you are saying is that the municipality, in proceeding with the project, covered its two thirds by debentures rather than out of current

funds, or picked up a chunk of its share out of debentures, for which the market at that point demanded 20 per cent. Is that it?

Mr. G. I. Miller: That is right, yes.

Hon. Mr. Timbrell: That is the decision of the local council as to whether they proceed and when they proceed. We pick up one third of the cost. It is a straight grant. To that extent, the cost to the beneficiaries of the drain—those who are levied an assessment because they do benefit from the drain—has already been relieved substantially by the province.

Beyond that, it is up to the local council, whether they pay for their share out of current funds, reserves, debentures, or a mixture of all three.

Mr. G. I. Miller: Is there nothing that you can do to relieve that, as far as the ministry is concerned? You would not give any consideration to—

Hon. Mr. Timbrell: We have already relieved it by picking up one third, which the farmers do not have to repay.

Mr. Riddell: That has been a common practice. That is nothing new.

Hon. Mr. Timbrell: No, but the point is that we do pick up a third of the cost of improvement projects so that does not have to be borne by the individual farmers who are affected by that drain.

Mr. G. I. Miller: It is still putting a heavy burden on individual farmers with payments as high as \$3,000 a year on 100 acres. One farmer in particular is not able to meet those payments and it is hurting him.

Hon. Mr. Timbrell: The practice, I believe, in the municipalities is to put that on the roll and it becomes—what is the term I am looking for?

Mr. Swart: Property tax?

Hon. Mr. Timbrell: It is treated the same as tax arrears. Before you came in earlier this morning, we were talking about the process the municipalities go through in the design and approval process for these drains. At the time that a council looks at the proposal for a municipal drain, it has to look at and share with the affected farmers what the costs are going to be to them. A key determination in any of these is cost benefit, and they know at any given point roughly what they are going to have to pay for debentures and, therefore, can tell the people involved what it is going to cost, give or take a bit, and they have to decide at that point. We

already relieve the cost to the farmers by picking up a full one third.

Mr. G. I. Miller: Again, they got trapped at a point when interest rates were high, 20 per cent. I think you understand that it is a pretty high interest rate. Now that they have dropped off, the situation is something similar to what was brought to the Legislature in housing where mortgages were locked in at 20 per cent for a five-year period.

Hon. Mr. Timbrell: The point is that there are many municipalities that deferred projects, not just for municipal drains but other municipal projects, whether it be arenas or roads or sidewalks or sewers or whatever, because of what they could see would be the costs of debenturing at that time. If they did not have reserves or if they could not take it out of current tax revenues, they put them off. The point is, that was a decision made by the local council.

Mr. G. I. Miller: I understand. I am aware that the decision was made, but I just wanted, again, to indicate that it is an extraordinary cost, particularly when the interest rates have fallen down to 10 per cent in that area.

Thank you, Mr. Chairman. I will withdraw those first couple of words I used, but I think sometimes we do not get enough consideration when we get the opportunity to come in.

Mr. Chairman: I agree sometimes when you come in at the last minute and try to bump to the head of the list, the chairman doesn't recognize you.

Mr. G. I. Miller: I did not try to bump. I put my hand up and I put my name on the list.

On vote 1903, agricultural technology and field services program:

Mr. Chairman: We are now on vote 1903.

Mr. Riddell: I want to say on this vote that I believe most of us appreciated the announcement the minister made in the House the other day regarding the expenditure of a sum of money to be applied to the agricultural colleges throughout the province. I know there is about \$500,000 being directed towards three of the agricultural colleges, one of which is the Centralia College of Agricultural Technology.

Hon. Mr. Timbrell: There was more than that. I think there was about \$500,000 for new mechanical buildings at Centralia, Ridgetown and Alfred. There is \$1.5 million for Kemptville for the new show ring facility. There is \$3 million for New Liskeard for the new education

buildings. Roughly \$5 million of the \$8.4 million is for the colleges.

Mr. Riddell: I was just talking about the half million which is going to the three colleges, of which one is the Centralia college.

It is my understanding that the federal government has made a commitment of \$4 million to bring the Ontario Veterinary College back up to standard. I believe that has either been matched or will be matched by the provincial government; so we are talking in terms of \$8 million to be directed to the Ontario Veterinary College. That is a shortfall of about \$12 million, which we understand is needed to bring the college up to the standards whereby they will regain their accreditation. I am wondering whether the \$8 million will suffice for this time.

Am I correct in assuming that the federal government has committed \$4 million?

11:20 a.m.

Hon. Mr. Timbrell: No. I have heard rumours in the past few days about this \$4-million figure, but we have had no communication. I read into the record two or three weeks ago a letter I sent to Mr. Whelan, confirming in writing what I had already told him and his deputy minister several times, that we are prepared to pay our share.

The last time I spoke to him about it was on May 27. I spoke to him and Mr. Connell, the deputy minister. At that time the indication I got, which was more from the deputy minister than from Mr. Whelan, was that there would be money available this year for planning but that he could not make any commitment beyond that.

I expressed concern to him, and I think I raised that concern here, that a commitment for just putting up planning money is fine, but it really may not be of much help if there is not a related commitment to pay their share of the construction costs. If you spend a half a million dollars on planning and then the plans sit on the shelf for a couple of years, you could well end up with worthless plans as building codes and equipment standards change and so forth.

I heard this a couple of days ago. The president of Guelph said something to my assistant deputy minister on the weekend at one of the functions of the alumni weekend. We have had nothing from them. I asked the Minister of Colleges and Universities (Miss Stephenson) yesterday, just in case they had gone to her instead of to us, and she has heard nothing.

Mr. Riddell: I am sorry that I cannot recall the authority because I am talking to so many people, but I am sure it came from good authority that we could expect a commitment of \$4 million from the federal government, or that the commitment had been made, provided that it be matched by the provincial government. If that is the case and that happens to materialize, will \$8 million suffice at this time to give the college its full accreditation?

Hon. Mr. Timbrell: I would have to wait and see, if that is, in fact, a commitment, how they word it, because certainly Guelph is talking about an awful lot more than \$8 million. They are talking of upwards of \$20 million or \$22 million as their estimate of all the work that needs to be done. It may be that they are saying, "We will agree to do the first phase," because at one point Guelph had brought some figures that indicated, I think, that the first phase would be about \$8 million.

I do not know. He has not answered my letters and he has not returned phone calls.

Mr. Riddell: How come you two fellows cannot get along? Has Whelan got something against you or have you got something against him?

Hon. Mr. Timbrell: No, I have got nothing against him. In fact, I regularly go out of my way to keep emphasizing that I want our policies in this province to be complementary to the federal policy. I do not want to waste time in useless political rhetoric and bickering.

Mr. McKessock: Has the federal government got a commitment for the Ontario Veterinary College?

Hon. Mr. Timbrell: Have they given a commitment?

Mr. McKessock: No. Have they a commitment to see that it—

Hon. Mr. Timbrell: We had a building program in the mid 1970s, as you may recall, to which they did contribute 50 per cent. Historically at least, there is the precedent there. Maybe you were not here the day I read into the record the letter I sent him. I had a number of meetings over the winter with the Treasurer (Mr. F. S. Miller), the Chairman of Management Board (Mr. McCague) and the Minister of Colleges and Universities, knowing that this accreditation report was coming.

I was dead certain that they were bound to highlight the capital requirements again. I got their agreement that I could commit Ontario to doing our share and that was communicated on

a number of occasions to the federal minister. In fact, I had breakfast with him last November, in the midst of the Ontario Federation of Agriculture annual meeting, and at that time I got a flat rejection. I was told there was no money.

Mr. Swart: It is true, is it not, that the federal Minister of Agriculture gave funds, 50 per cent of the capital, to other veterinary colleges in Canada; at least two others?

Hon. Mr. Timbrell: Just recently, they made a commitment to a new college in Prince Edward Island for 50 per cent.

Mr. Swart: Were there not some others previous to that? What I am trying to arrive at is this. There is no agreement between the federal and provincial governments on the funding of veterinary colleges, is there? This is precedent only.

Hon. Mr. Timbrell: It is done on a case-by-case basis; that is right. They made this offer to the Atlantic provinces. They supported the college in the west. I am not sure what they have done in Quebec, at St. Hyacinthe. In the mid-1970s they funded 50 per cent of the capital program at the Ontario Agricultural College. There is ample precedent there, but we have not yet received a written commitment.

Mr. McGuigan: How does this work in relation to the whole university system? Why is veterinary education different from, say, the University of Toronto, the University of Western Ontario, or whatever?

Hon. Mr. Timbrell: It has to do with the historical evolution of the University of Guelph and the fact that the Ontario Agricultural College and the Ontario Veterinary College were not part of the university system until 1965.

It is a unique situation where a university relates to two ministries. The operating funds come through the Ministry of Colleges and Universities. We supplement them for the clinical education. We also have the contract with Guelph. I do not know of any other similar arrangement anywhere in Canada.

Mr. Swart: Primarily, though, because it is an educational institution, it is the responsibility of the provincial government. The federal government gives grants for a variety of things, but if it is an educational institution, it is primarily a provincial government responsibility. That is a fair statement, is it not?

Hon. Mr. Timbrell: Yes.

Mr. Riddell: Did the minister indicate, in his response to my opening comments, why it is that

the veterinary colleges in this country are governed by the American Veterinary Medical Association?

Hon. Mr. Timbrell: My understanding is that the accreditation team had two Canadians on it, one from the Ontario Veterinary Association and one from the Canadian Veterinary Medical Association. Perhaps Dr. Rennie would like to elaborate on the history of the accreditation process.

Dr. Rennie: As far as my knowledge of this is concerned, what the minister has just said is correct. There were two Canadians. This same type of representation occurs when they are doing a review of, say, St. Hyacinthe. They would have somebody from the Quebec operation as well as the Canadian one. That applies throughout the United States, too.

Of course, the American Veterinary Medical Association is a large body. Dr. Henry, being a veterinarian, might wish to comment on that. Perhaps Dr. Urquhart might wish to comment on it. I am not sure how it began, but we must have representation, and we cannot say that it was done by Americans.

Dr. Henry, would you just like to comment on how that started, being a veterinarian?

Dr. Henry: Yes. On the accreditation system, it is not the fact that the Canadian institutions are governed by US organizations; they are simply accredited by them to ensure that the standard of education given in Canada is adequate, primarily to allow Canadian students to enter American graduate courses. Is that what you wanted?

11:30 a.m.

Mr. Riddell: I had always thought that our standards were much higher than the American standards. As you well know, Dr. Rennie, when you were a professor at Guelph, the Americans used to cry out for our graduates to go down there and do post-graduate work, because they felt that we were much superior in the type of education we received.

Now I am learning just the reverse. The Americans watch us very closely to make sure that our standards are high, so that our graduates can go down there and practise. There just seems to be a little difference between the Ontario Veterinary College and the Ontario Agricultural College in that respect.

Dr. Henry: I had one more thing on the accreditation team. The two Canadian members are simply observers to ensure that there is a fair hearing.

Dr. Rennie: Can I comment on that? As far as I am concerned, looking at the University of Guelph in both fields, agricultural science and veterinary medicine, I would have no fear whatsoever in making the statement that graduates at the vet level are still sought after by American universities.

The level of academic education in both agricultural and veterinary medicine is still excellent. The accreditation, in so far as the veterinary college is concerned, relates primarily to facilities, rather than to course content and that kind of thing. They did make some comment about the system of teaching and some shortage of faculty, but it related primarily to the physical plant. A few of my colleagues, such as Dr. Henry and Dr. Urquhart, both graduates in veterinary medicine, will agree that the qualifications of those people graduating today from the University of Guelph in veterinary medicine are just as good as they have ever been.

Mr. Riddell: While we are on veterinary services, I will end with this on this part of it. You are aware that we do have the animal health course at Centralia and the facilities there. They provide a service to the farmers in doing post mortems on animals that have died, when the farmer is not aware of the reason for the death of that particular animal.

The one complaint I want to make has to do with when the animal is taken to the college—and I want to stress that the farmer pays for the service. In other words, if a farmer goes out and finds a dead cow in the pasture, the farmer gets that cow into the facilities. They do a post-mortem, and the farmer pays for that service. However, the response that is given is so far above the understanding of the farmer that he wonders why in the hell he ever went through the exercise in the first place.

I will give you an example. A farmer provided me with this during the last weekend I was home. I said: "You just brought it to my attention at the right time. I can understand your dilemma and I am going to raise it with the minister."

He found his cow dead in the pasture. In the report, there is the history: "Found dead on pasture Sunday. Given A, D and E, one cc of vitamin E and one cc penicillin at birth. Last Thursday the calf walked for about two miles"—so this was a calf, not a cow. Then the next paragraph is "Gross: EHW/cd," which means nothing to me.

Hon. Mr. Timbrell: Histopathological.

Mr. Riddell: "Calves three to four weeks old are tentatively diagnosed as having coccidiosis. Mucosal surface of abomasum was diffusely haemorrhagic and edematous. Several petechial haemorrhages were present on abomasal serosa."

Interjection: Do you not understand that?

Mr. Riddell: "Contents of GI tract were sparse. A small volume of fluid feces was present in cecum and colon. Bacteriology: Lung, spleen, liver, kidney—few non-haemolytic *E. coli*, small numbers of fecal streptococcus.

"Abomasum—small numbers of non-haemolytic *E. coli* plus bacillus contaminants."

Mr. McGuigan: That means he is sick, Jack.

Mr. Riddell: "Ileum—small numbers of non-haemolytic *E. coli*, agglutination negative, sensitivity attached, moderate numbers of fecal streptococcus.

"Cerebrum, cerebellum, brain stem—few non-haemolytic *E. coli*.

"Anaerobic incubation—abomasum—moderate numbers of clostridium sp.

"Addendum to bacteriology—Gall bladder swab—small number of coryne pyrogenes.

"Parasitology: EHW/cd, May 12, 1983.

"Fecal flotation—negative.

"DSF—negative.

"Tentative diagnosis: Haemorrhagic abomasitis.

"Histology—SES/sh—May 17, 1983.

"There is a haemorrhagic, emphysematous and possibly suppurative and oedematous abomasitis. Very small numbers of elongated rod bacteria are present. No evidence of white muscle disease.

"Diagnosis—Haemorrhagic abomasitis—possible braxy.

"Comment: Braxy is caused by clostridium septicum invading and destroying the abomasum. The clostridium cultured here, however, was *C. perfringens*. This makes it much more difficult to call this case braxy."

The farmer takes that report back to the clinic and says, "All right, now give me the farmer's terminology of what is wrong with my calf because I have 100 more out on the pasture and I want to know whether it is something that is contagious and what I should be doing for it."

Do you know what the response was? "You are going to have to go to your local veterinarian." He would not tell him. The vet at the college who did the post-mortem would not tell him what it was all about.

The farmer got a little upset about it and said: "Look, I am paying for a service. I am paying, no one else. I am paying to have this service done.

You are the one who did the post-mortem, now tell me in layman's language what is wrong with my calf."

The response was: "I cannot do that. You have to go back to your local veterinarian," which probably means another payment of I do not know how much to his local veterinarian.

He said to me: "Jack, this is wrong. There is no reason in the world why they cannot write a report. If they want to go through all this detail, fine, but for gosh sake, write a little summary at the end of the report telling us in our language what is wrong with the calf, what we should be doing for it and let me get the job done before it spreads through the whole herd, if indeed it is contagious."

I can sympathize. I will tell you, if I was a farmer and I had this kind of a report, I would be livid. I am just asking you if this cannot be changed. Why in the world should he have to go and pick this up, or if it is mailed out to him, take it to his local veterinarian and give it to him and say, "Okay, what does it mean?"

Hon. Mr. Timbrell: Let me ask Dr. Henry to comment and then I would like to follow up on it.

Dr. Henry: I have a couple of comments. First, on the charge that is levied for this service, the maximum per food-producing animal is \$15, which is a very small fraction of the actual cost of the service.

The second point I would like to make is that our veterinarians in the labs are trained pathologists; they are not clinicians. I have been through that same field myself. I spent 10 years in practice, but I have been out of it now for 18 years and I do not feel qualified to advise on treatment. This is the field of a practising veterinarian who is familiar with the herd, with the circumstances on the farm itself. You just cannot do that in a laboratory setting.

Hon. Mr. Timbrell: I think, though, that Mr. Riddell makes a good point, that the summary should be in clear layman's language. I would agree, based on my experience in the Ministry of Health, that if you had an epidemic break out and a pathologist did a post-mortem on a victim, the pathologist would not be the one who would prescribe the remedy. The pathologist would turn it back to the people who are current practitioners saying: "Here is what I have found. You are the ones who are up to date on the drugs available and so forth. It is now your job to

prescribe what has to be done to see that it does not spread any further."

11:40 a.m.

I think you make a good point. The summary should be clear. It is obvious from what you read and from what little bit I know of medicine, that it was a very thorough post-mortem. It does not sound like they missed anything.

Mr. Riddell: I am not questioning that, but for a report to come back to the farmer in this way—I mean you have wasted a stamp, because that means absolutely nothing to him. I could not tell you what the meaning of half of that was.

Hon. Mr. Timbrell: Just as a matter of interest, what would the actual cost be? If the full cost of that kind of post-mortem were charged, surely it would be in the hundreds of dollars?

Dr. Henry: It would be \$700.

Could I make one other comment? The copy of the report that you have, sir, is a second copy. The original copy goes to the veterinarian, and on that report we suggest that the veterinarian contact the farmer as soon as he receives the report and discusses the situation with him.

Mr. Riddell: Obviously, that did not happen because the farmer would have told me, and he was really concerned. He said, "Jack, I have 100 calves." He is one of the best cowmen in the area; he is Jim Love, of RR 3, Parkhill. I have never known him to have less than a 95 per cent calf crop and I have known him to have well over 100.

He has been one of the project farmers for the Centralia College, and he was really livid when he came to me with this report. He said, "You know, that means absolutely nothing to me." Apparently, the vet did not contact him, and here he has 100 calves running out on pasture; yet this does not tell him whether he should be getting at the problem right away or whether he should be getting all those calves in and getting them an inoculation of something.

I agree with him. That is why I said to him, "You give me that report because I want to raise it in estimates." It is just all Dutch to the farmer.

Hon. Mr. Timbrell: Actually, most of it is Latin.

I think you have raised a good point as far as the summary is concerned, but this is really no different to human medicine. If my doctor sends me to a specialist of some kind because he is not sure of what is ailing me—I hope he will not send me for a post-mortem—it is one thing for the specialist to tell me—usually he would not give me a written report but he might give me a

letter in some cases—but the proper practice of medicine, human or veterinary, would be back to the primary practitioner who has the ongoing responsibility, in this case to the farmer, for that herd, or in the case of human medicine to the individual. Therefore, he is responsible for prescribing whatever needs to be done.

I believe we ought always to be careful, whether it is veterinary medicine or human medicine, not to encourage people to play doctor but to keep the emphasis on the responsibility of the veterinarian responsible for that herd, or the doctor responsible for an individual, to prescribe corrective action. I think we should follow up on that.

Mr. Chairman: I would just like to ask on that, can the farmer go directly? Does a veterinarian have to request this service or can the farmer do it himself?

Dr. Henry: The policy we have set is that anyone can submit a sample, but he must name a veterinary consultant. In other words, he must name a veterinarian whom we can contact ourselves.

Mr. Chairman: This report really should not even go to the farmer, should it?

Hon. Mr. Timbrell: At one time they did not.

Mr. Chairman: Should it not go back to the veterinarian, or be requested by the veterinarian? He is the only one who can understand it.

Hon. Mr. Timbrell: There was a time when nothing went to the farmer. It all went to the veterinary.

Mr. McKessock: You can read between the lines that it has died from scours. As a farmer, I would like the report to come back to me as well.

Mr. Chairman: A copy can go to you; its primary function is to help the veterinarian, not for the farmer to play veterinarian on getting the report. It is not the same as human medicine. I do not think I can go and get that kind of autopsy report.

Mr. Riddell: I want to thank you for your consideration of that matter.

It happened a second time. He had another calf that he sent back and the calf ended up with a perforated ulcer. He found it dead on the pasture and went through the same rigmarole. He got this Latin jargon and it meant nothing to him.

Hon. Mr. Timbrell: I would like that one followed up, just to be 100 per cent certain of the procedures that are followed, in sending it to

the veterinarian. I think if it was me and if my vet was getting these reports and was not calling me, I would look for a new vet.

Dr. Henry: What is at the top right-hand corner of that case?

Mr. Riddell: I already gave it to the Hansard reporter to get the spelling of all those words, so we will get it to you when she brings it back.

Hon. Mr. Timbrell: If she is reading it to everybody upstairs, I cannot believe that.

Mr. McGuigan: With respect, if it were in layman's language, the farmer may decide on self-diagnosis, at least based on that, and can pick up the wrong interpretation. It is a pretty deep question.

Hon. Mr. Timbrell: Let us get back to the point. I do not think we want to encourage people to play doctor.

Mr. McKessock: By the time this report comes back to you, the farmer and the veterinarian have probably already taken action. This usually confirms what they have or have not done. This report is not going to come back to you overnight.

Mr. Chairman: Mr. Riddell, are you finished?

Mr. Riddell: Yes. Thank you.

Mr. Swart: I am not sure whether this really comes under this vote. I am prompted to ask a question by the meetings that we had with the Christian Farmers Federation of Ontario when they dealt rather extensively with the issue of the size of farm operation. I realize that this is a very complex issue, but in their view, they felt that there should be leadership so that farms did not get too large. They thought there was an optimum size for a farm, and I realize this varies from crop to crop.

Especially with the failures of farms, where there has been a very rapid expansion in many areas, has your ministry, directly or through the University of Guelph or any other university, been doing any studies and making any reports on this issue? I think all of us, regardless of which side of the House we sit on, are anxious to preserve the family farm as an institution. Certainly the CFFO, which perhaps has a sense of value that is not always directly related to how much money is in it—and for this I commend them—feels that some assistance programs should not apply to exceedingly large farms.

With the trend of failures—and I have a statement here, as we all have, about the lower numbers of producers and the bigger volumes,

whether it is the chicken producers or the egg producers or whatever, 10 per cent producing 80 per cent of the crop or the produce—are any studies being done? It seems to me today that you should be taking a look at this, difficult as the area is.

Hon. Mr. Timbrell: I do not think any of us would want to put ourselves in the position that the government, in effect, tells people that they do not have the right to—

Mr. Swart: I am not suggesting that. You know I am not.

Hon. Mr. Timbrell: I believe I am correct in saying that most of the elements of our existing stabilization program do have upper limits. For instance, I have had extensive correspondence with a hog producer in eastern Ontario who has been complaining about the limits on the sow-weaner program, saying that in his case he has built it up from scratch. This is a fellow down in the Napanee area who started with nothing and now exceeds the limits on the sow-weaner program. He is saying now, "If I am prepared to take the risk—and I have built it from nothing—why should I not be able to participate in the program to the extent of my operation rather than to this limit?"

Mr. McKessock: What is the limit?

11:50 a.m.

Hon. Mr. Timbrell: It is \$5,000 now. It was \$2,500 at one time. There are some programs that are already limited by size.

I think I gave you an example last week, or the week before, when we were talking about forward contracting corn. There were three brothers and a brother-in-law who are in Mr. McGuigan's riding who were farming 2,400 acres two years ago. They lost a bundle of corn, in large part because they did not forward contract. They reduced to 1,200 acres last year. They still did not forward contract. This year they tell me they are back up to 2,400 acres.

An economist or an agricultural representative might sit down and say: "You know, guys, I really do not think you should be farming that much. You should cut the crop according to the pattern, and here is the pattern." But if they decide to do it, who is to tell them they cannot?

Mr. Swart: I think you missed the thrust of my question. I am really wondering if it is not advisable to have some very comprehensive examination of this situation, whether it is done by the university or by your ministry. I know the trend changes. Ten years hence it will be different from what it is now.

If we are interested in preserving the family farm, it seems to me that some place we should know what is taking place and what appears to be the results of what is taking place. We can all guess at this, but it seems to me some sort of study would be advisable. I have not seen any. Perhaps there are some which have been done on this.

Hon. Mr. Timbrell: I am not aware of any. The agricultural economics department of Guelph may very well be considering that sort of thing. I can draw your suggestion to their attention. Has the Agricultural Research Institute of Ontario looked at that?

Dr. Rennie: We have not discussed it.

Hon. Mr. Timbrell: What was a family farm 20 or 30 years ago is not typical today perhaps.

Mr. Swart: Of course it is not.

Hon. Mr. Timbrell: There are more and more father-son operations and brothers and sisters are going in together on farms. The dimensions of the typical family farm enterprise are quite different today from what they were, I am sure, when Mr. McGuigan began.

I will draw that to their attention. I am sure that with any given commodity we have staff available who can sit down with an individual and advise that person of what is likely to be a viable operation.

Mr. Swart: Yes, I understand that.

Hon. Mr. Timbrell: That goes on all the time. What they do with the advice is usually up to them.

Mr. Swart: I have had numerous farmers, and I will just take the Christian Farmers Federation of Ontario, who have stated to me in recent times, especially where there have been farm failures, that many of the farms are too large. They have expanded too rapidly.

Hon. Mr. Timbrell: Yes.

Mr. Swart: I am not suggesting for a moment that, either legislatively or through any process, we get into interfering, but I think the knowledge, even perhaps a profile of what has happened to farmers who have gone into bankruptcy in Ontario and perhaps across Canada, might be very valuable.

Hon. Mr. Timbrell: I think as a generalization that is probably not too far off. I think it is probably true of a great many businesses, regardless of whether they are farming, small business, manufacturing or whatever.

Mr. Swart: There is a difference.

Hon. Mr. Timbrell: You will be pleased to know, by the way, that the numbers of failures in the province in 1983 are down from 1982.

Mr. Swart: Are you talking about bankruptcies?

Hon. Mr. Timbrell: Yes. To the end of May the numbers have declined about 11 or 12 per cent from last year.

Mr. G. I. Miller: Do you have any numbers on that?

Hon. Mr. Timbrell: There were 79 to the end of May in 1982 and there were 70 to the end of May in 1983. Dr. Rennie wanted to add something.

Dr. Rennie: I just might add, sir, in answer to your question, we do not have any project to my knowledge—and I just glanced over the inventory of projects that we support in part or total—specifically on the topic you raised. There are a few projects in the school of agricultural economics at the University of Guelph which we do support in part that relate to the kind of thing you asked.

There is a computer model that deals with the long-range planning and expansion of swine farms, developing the kind of methodology so that a farmer could apply his or her particular situation to a computer model that would say, "Your optimum herd size under the conditions which you have provided me with, like land base and other factors, should be so and so."

That kind of study is done, but to look at maximum or optimum size per se across all commodity groups, no, we haven't

Mr. McGuigan: I am glad the member for Welland-Thorold (Mr. Swart) brought this up. I just read a book from the United States, published by Battelle Press in Ohio. I had it here the other day and I will bring it to you after lunch. It is *Agriculture to the Year 2000* in the United States. Really, their corn belt applies to southwestern Ontario, at least, and perhaps beyond.

It is rather interesting and rather disturbing. It certainly challenges a lot of our present concepts. Their forecast is that the small farm where the farmer works off the farm and has another income has a very bright future. The surprising part of it is that they say it is the big capital-intensive farm that has a bright future. The middle-sized farm, which is most of them, they predict is going to fail.

Hon. Mr. Timbrell: What assumption do they make that on?

Mr. McGuigan: Just to step back a little bit, there have always been these great big farms. For instance, a few years ago Purina got into

some big farms in the United States. There have been people in the construction business who would buy great big farms. They always failed. They failed because of the old thing of who is going to put up with the company sow. That is why they failed. They could not control it. But they have a computer now and that has eliminated most of that problem.

My friend here from Middlesex was telling me about a cow feeding operation, I believe it is dairy cows. The computer senses how much feed the animal is taking in and, as it eats the feed, it feeds more. The individual farmer, with his 30 cows, he knew them by name and he knew—

Hon. Mr. Timbrell: And their habits.

Mr. McGuigan:—their habits and their capacities. He hand-fed them and gave them just what they needed. As soon as he branched out into 90 cows and hired help, they lost that contact and so they were not able to accomplish that.

If the guy got a computer, all of these things are now possible. It is really putting out some disturbing ideas. Of course, only time will tell whether it is true or not.

I really think we should be looking at some of these things, rather than the idea of legislating to prevent it or to shape it. At least we could give our young people some advice as to where this industry is heading. I certainly would not have believed until very recently that all of these things were possible. Earlier this year my son got into computers, not in the office where we probably need it, but out in the fields. They are not expensive things. One was about \$2,000 and the other was about \$1,000.

12 noon

Just to give you an example, I think it was back in the 1920s that a graduate of the Ontario Agricultural College called Mills went over to New York and developed the Mills scale, which calculated when you would have an apple scab infection in the orchards. This is a system of graphs and lines crossing, humidity and temperature. It took so many units of humidity and temperature to produce an infection.

Of course, we have always followed this scale, but the minimum time was eight hours. You sort of looked at it and said, "Well, what really happened in that eight hours?" The temperature changed and the humidity changed and you made some guesses. But the computer can tell us from minute to minute and maybe even from second to second; I do not know what sort of period is checked. It calculates the units that are

built up. It will tell you that there is a scab infection. Then you flick on another button and it says it occurred so many hours back. Because of that, you spray with this material or use this other material. There are three or four materials it tells you to use. So you can sleep without having to worry about it. It does all these calculations for you. You just press the button and it tells you how to go about it.

Then I have a computer on the sprayer that tells you the ground speed. A regular speedometer will not tell you the ground speed because of the slippage when you go up the hill or when you go down the hill, but this thing counts the nuts on the the front wheels which are not subject to slippage. It counts the rotation of the wheel nuts and tells you your speed. It senses the amount of material that is going out through the discharge. You press buttons and you set it for different row widths and all this sort of thing. It tells you what you are putting on. Right away it told us we were putting on 20 per cent more spray than we had calculated by hand methods.

These are not something that cost in the hundreds of thousands of dollars. Computers are cheap today. As we put these things into agriculture, we are going through a revolution, just as we are in industry. We should be in a responsible position to try to advise people but we cannot offer them anything other than what we might pick up from some other jurisdiction. I think we really should be looking at some of these things.

Hon. Mr. Timbrell: There are many aspects to this. For instance, Dr. Rennie has some people looking at the computer requirements of all our offices because presently about three per cent of all farms in the province have computers. That is bound to keep growing. We can see the need, as far as our own work is concerned, to computerize our offices, just to keep up on a daily basis and be able to answer inquiries from individual farmers. That is going to revolutionize our work as well.

Mr. McGuigan: They have them on grain drills now. It tell you how many seeds you are putting in.

Hon. Mr. Timbrell: I had not heard of this other one, counting the movement of wheel nuts. That is a new one.

Dr. Rennie: Could I just add to your comments on this?

Mr. McGuigan, I do not know whether you know it or not, but we now have microcomputers in all our colleges—and Dr. Collin may wish

to add to my words—including the diploma program for the University of Guelph, which we put in as a ministry. Every student who graduated this year from all of our institutions had extensive courses on microcomputers and their use in agriculture, and this will continue.

Likewise, with microcomputers on the farm. In the 4-H program, Ken Knox has informed me that they have had a number of plugs on that and I expect that will likely grow and expand as well. With Dr. Henry at the vet lab area, the whole system is being looked at so that it will be computerized, as the minister referred to, in recording and reporting back to the veterinarian and to the farmer. Dr. McLaughlin and his people in the plant industry branch are looking at the whole aspect of the province-wide expansion and integrating of the plant management program.

I should add one further thing. We have had ministry staff working with staff and members of the milk marketing board on the whole area of computers and dairy farm operations in Ontario. It is moving very, very rapidly; there is no question about that.

I personally do not mind picking up ideas that come from elsewhere. We do not have any corner on the market in so far as new concepts and ideas are concerned. Our responsibility must be, if we see something that looks good that might have some application here in Ontario, to grab it fast, study it and put it into use.

Mr. Riddell: What do you see happening to the family farm, coming back to Mr. Swart's question, since we are entering the computer age? Do you see much larger corporate farming operations and the smaller farms where the farmer is moonlighting, or do you still see the family farm holding its own?

Dr. Rennie: The definition of family farm has changed in the last 25 years and will likely change in the next 25. I do not necessarily see family farms getting a great deal bigger, but can see the efficiency within those farm operations changing considerably.

Mr. McGuigan: That drives out the less efficient.

Dr. Rennie: That is true, but it does no matter whether you are talking of fruit and vegetable production or animal production, it is the efficiency factor. When you have limited markets or limited opportunity for growth within a particular industry, the only way then is to be more efficient. The use of computers and that sort of thing may very well reduce the time that

family farm operators may have to spend in day-to-day operations and could give more time for off-farm employment. That is even possible.

I cannot see great growth in that respect in terms of size. I can see great growth in the application of technology for improved efficiency.

Mr. McKessock: When we talk about efficiency, we are usually talking in terms of production efficiency. I believe I mentioned before a study done by one ag rep up north who studied 25 cow-calf operations this past year. The most efficient farmer did not make the most money, as far as production of the most pounds of calf per cow went. Though on paper he looked like the best farmer, when it came to the bottom line he was behind other farmers who had poorer production, because the poorer producing farmers did not have as much debt.

That is another factor that enters in there. They can go along being poor managers as far as production is concerned, but, if they have no debt, they can survive ahead of the guy who is a better producer and has too much debt—maybe not too much yesterday, but too much today.

Mr. McGuigan: That particular study emphasized better use of resources rather than total yield, and also debt, which brings up the point I made last night of only a 2.7 per cent return.

Is a guy who starts out with 100 acres that he inherits, or is able to buy from from his family, better off to stay with that 100 acres the rest of his life and farm it efficiently or try to head for 500 acres? It may be impossible to go for the 500 acres. He is setting himself an impossible goal. I realize that people do achieve impossible goals, but—

Hon. Mr. Timbrell: I do not know any way to generalize that. I do not know if you can. Certainly in the last year or two our general advice to everyone has been to consolidate wherever possible, or, by selling off some land, where it is possible, to reduce or wipe out debt, to do so and not to look at big expansions. Do not make any unnecessary equipment purchases and that sort of thing. Now is the time to pull things in.

12:10 p.m.

Mr. McKessock: We will be getting into it later, but this is also where we have to be careful that we do not hurt the small farmer in this farm tax rebate program by having the gross income limit too high for him. His gross income may not be very high because of the fact that he has no debt. If he is not allowed to get his rebate, then that is a slap at the smaller farmer and the guy

who is managing his resources to his capabilities. We will get into that later.

Mr. McLean: Mr. Chairman, there is a lot of different definitions of a family farmer. If we want to talk about a family farmer, it is someone who has been raised on the farm and has taken over the family farm.

In my own case, as one of five boys, how was I going to take over the family farm when the oldest boy is usually the one who is going to stay and farm? I was not as fortunate as some. I had to go out and buy my own farm, and two other brothers went to that great college, the Ontario Veterinary College, and graduated. I have a nephew now who is going there and will graduate next year.

The definition of a family farm is very broad. If you want to talk about farming, you have to talk about management. I started farming in 1959. If we want to talk about people going bankrupt, which we have talked about in the last while, when I bought my farm in 1959, I bought it from a guy who went bankrupt because he did not know how to farm.

We see the same thing today in management in farming. People go out and buy 150 horsepower tractors. They buy all the machinery they can get and then realize they have to pay for it. I paid \$200 for the first tractor I bought—it stood in the rain at an auction sale—because that is what I could afford.

The problem with farming today is that a lot of them do not know how to manage properly. They get into debt too deeply. I think family farms are here to stay and I think it is going to come down to management.

If I could make some comments on vote 1903 with regard to education and research, we look across the province at some of the engineers we have—and Bob McKessock was mentioning not too long ago in these estimates that the engineers covered a large area.

I remember when I wanted to build a new drive-in shed. I had an idea where I wanted to build it, but I thought, since the service was available, I would call in an engineer, which I did, to get some advice. The first advice he gave me was to tear down the old drive-in shed; it had seen better days and I should put up a new drive-in shed. I told him where I would like to move the drive-in shed and he ending up thinking that maybe that was not a bad idea.

I have seen that happen over the years where they have advised farmers to tear down an old barn. My neighbour did that. He had a barn that had been there for years, a great storage place.

The engineer advised him to tear down the barn and put up a new barn because he was going into a beef operation, with 1,000 head. He did that. Not too long afterwards he realized he should have kept the barn to have the storage he needed, but he had been advised to tear it down.

The best experience that anyone can get is actually doing it. You can go to school and get a great education and great schooling, but you do not get a real education until you get out and do the work and lose a few dollars.

Hon. Mr. Timbrell: Like political science graduates—facts and policies.

Mr. McLean: That is right. You talk about the extra \$8 million that is going into the veterinary college in Guelph. I have heard nothing but good about that college, even from my nephew who is going there now. I think it is like a lot of institutions and universities where the staff has to be where the big dollar is spent. I always maintain when you have an administration over 50 per cent of the programs you are producing, you have a problem.

I think this is happening across the province in a lot of institutions with all the professors, deans and head people. In my estimation, there are too many of them and they are not producing. It is the same in industry today; you have to be producing.

I still think the veterinary college in Guelph is the best in Canada. My brothers went to college with people from Alberta, British Columbia and Manitoba who came to that veterinary college. I think you should make sure that the funding is available to maintain it and still have it recognized as one of the better colleges.

On vote 1903, I think of the funding of programs that has gone on over the years, such as \$3,000 for tile drainage or to build a silo or take down fence rows. That was a good program, but there should be a new program in place of that. It is all money that is going to go back into the farming community.

If that farmer is getting a \$3,000 or \$4,000 grant, he is going to repair his buildings, he is going to fix them up and, therefore, he is going to be paying more tax dollars because of what he has done. So it is really not money badly spent, I think it is money well spent.

If we look at a lot of the farmers who have faced bankruptcy over the past few years and if we look at the farming industry today, beef feedlots went in big because they wanted to make money. It had to be big in order to have a bigger turnover to make dollars. They went into debt.

Who were they hurting? They did not care about the little fellow. The little fellow who was on the family farm was there farming away and making a living. The big operators went in to put the little fellow out of business. Today who is still in business? The little guy who does not have the debt, who has the family farm. He is the guy who is making money.

I see it in my area. Farmers there go bankrupt. There are very few actually right in my riding but I see it. I have seen them come and start with nothing. They get all kinds of loans and grants and then they find out they have to pay back this money, that is a problem.

You see the blue silos across the province. You can pretty well figure that that guy is in the dairy business and that every month part of the milk cheque is going to pay for that blue silo. I have two silos and I can put up as good a haylage, with corn in the other, as they can in the blue ones. It is all in management, that is what it all falls back on.

They talk about when you put haylage in blue silo, it has to go in this way. They are always there to watch how you put it in to make sure it is right so it comes out beautiful; but if you know how to manage, you can put it in an upright, not a sealed silo, and it will still come out great.

When we talk about technology in field services, I think our ag representatives today are not as visible as they have been in the past. They are probably burdened with paperwork. When I was in 4-H we always had the ag reps and their assistants at our meetings. They helped the young farmer to broaden his knowledge of the farming industry, whether it was in the calf club, beef club or the swine club. Probably the paperwork going on in the agricultural offices is burdening down the ag reps.

I would like to touch on marketing boards for a few minutes. Marketing boards have been the key to several of our agricultural industries, like the one I have been mainly interested in during my years of experience.

When I first bought my quota, I had to buy the cattle and the quota all in one. When the marketing board came in, at that time we were probably paid 60 per cent as the top price, with 40 per cent the secondary. It was a hell of a time to make a living because the dairies were making the profit and the farmer was shipping a lot of secondary milk and not getting paid enough for it. I think the marketing board was the salvation of the dairy industry and still today.

When we talk about eggs or the broil

industry, I think it is a salvation there. The federal minister assumes the sooner a marketing board is established for beef and pork, the better off those farmers are going to be.

12:20 p.m.

Mr. Riddell: Marketing boards were highly criticized on one of the radio programs this morning. I forgot what program it was, perhaps the Canadian Broadcasting Corp. It said they were responsible for charging the consumers \$8 million or \$9 million more than they should have paid. Did you hear that?

Mr. Swart: A lot more than that.

Mr. G. I. Miller: That's propaganda, my friend.

Mr. Riddell: I have to tell you they are going to come under very heavy scrutiny and it is going to be an educational process, I think.

Hon. Mr. Timbrell: All the more reason for the federal minister to strengthen the National Farm Products Marketing Council, because if there is not an effective supervisory body at the national level in whom people have confidence and know is being objective in policing the system, the more trouble we are going to have.

Mr. McGuigan: On all these critical things, we are talking about supply management marketing boards, and we should always make that distinction. If the opponents of marketing boards are ever successful they will not just take down the five management boards, they will take them all down. We have to make sure that those five work well to save—what have we got? Is it 26?

Hon. Mr. Timbrell: Twenty-four?

Mr. McGuigan: Twenty-six or 27 boards?

Mr. Swart: You are right on.

Mr. McGuigan: Only five are drawing the fire and three of those are the worst—

Hon. Mr. Timbrell: Worst offenders.

Mr. McLean: But the farming industry, in order to make a decent living for farmers, has to have some control over the product it is selling. You can ship a cow to Toronto and you have no say. You just cash the cheque when you get it back. If it is a bad day, if those buyers want to go out and have coffee and leave one buyer sitting in there, the farmer he is buying from at that stage is the guy who takes the loss.

Hon. Mr. Timbrell: That is why they are experimenting with the electronic auction, to give the farmer more control over whether he

sells or not and also to save on losses in transit and that sort of thing.

Mr. McLean: That is right, and I think that has got to come. I have been on the farm for 46 years and I have seen when we got \$4.65 a hundredweight for milk. We did not have the expense. In the last few years farmers' costs have gone up 25 per cent in most areas. Their income in lots of cases has not gone up and in some cases it has gone down. You cannot survive when you are paying out for hydro and fuel costs which have tripled.

There is no way that farmers are going to stay in business unless they get more for the product. When you are spending 17 per cent of your income on food, I think it is one of the lowest costs in the world. People are getting a bargain on food, but there has to be some way that the farmer can be paid in order to produce. If they are not going to produce and make a dollar, we are not going to have them and we are all going to pay dearly in the end.

I was about to mention the farm tax rebates. I just want to touch on that briefly.

Mr. Riddell: On a point of order, Mr. Chairman, does the property tax rebate come under this vote or the next vote? I am sure a lot of us want to get into a discussion on that.

Mr. Chairman: Maybe you could ramble across everything else but that.

Mr. McLean: Okay; then I want to touch on, and I see it is in vote 1903, the moneys being spent on dairy herd improvement. I think for young people getting into farming today the advice they get from the dairy herd improvement program should be expanded. I see in some of the brochures you have probably five or six people across this province classified as dairy specialists.

We have dairy specialists to no end. We have a Holstein and Friesian association. In our own clubs we have specialists. We have fieldmen and we have veterinarians who, if you are on the herd health program, advise you.

I wonder, in that area where there are specialists, what they do. I notice a lot of them are young people out of college. I am wondering if they have the experience and the knowledge to advise farmers on dairy herd improvement where I think your own veterinarian and your own field people are quite capable of doing that.

I think the advisory services provided by the agricultural offices are where it really stems from. As I said before, I think the ag reps are

bogged down in paperwork and they are not getting out in the field as they should.

Hon. Mr. Timbrell: I think it varies. Certainly I have not visited all of the offices yet, but in talking to county federations and other groups and getting feedback from them, I find it will vary. Some ag reps are more visible than others. They somehow manage to share the paperwork in the office in a way that allows them to get out. Maybe others are not as good at delegating to the staff.

Dr. Rennie may want to comment on that. I would like him also to deal with the dairy herd improvement program.

Dr. Rennie: On the dairy herd improvement program, since the Dairy Herd Improvement Corp. was formed two years ago there has been an 18 per cent increase in the number of cows on test across Ontario, which I think is pretty phenomenal. We meet with representatives of the corporation regularly and we have a ministry representative on the board. That program is growing as fast as the demand warrants. The producers appreciate it and it is a good program. I appreciate your comments.

With respect to the specialists and the role of the ag rep, I would like to make a couple of comments. One is that with the specialization that is present today across Ontario, with a lot of farmers very well educated and knowledgeable in their operations and so on, when you talk about people like Mr. McGuigan here with his knowledge in his area of specialty, we have to have people in the field who are specialists likewise in order to sit down and talk with them.

In the days when I was an assistant ag rep way back many years ago, you could be a generalist and you could cover many fields, but you cannot do that today as much as you could 25 or 30 years ago. The agricultural representative is the manager of the county office. That person is the team leader. It is the responsibility of that person to know enough about the broad field or of any broad problem so that he or she can say, "Okay, for that particular problem, these are the people we want to deal with farmer X."

That is the concept we are trying to build with our new reorganization, so the agricultural representative must have a broad knowledge but will not be in a position to answer specifically detailed questions in a specialty area. He will know the people within our staff or elsewhere who can give the answers.

With particular reference to the dairy specialist, when I look at the ones we have—and Garnet Norrish is here and responsible for that

particular area within the animal industry branch and would be glad to talk to you about it—I think we have some very fine, well-qualified people. I know their work load. They are just run off their feet with requests. They must be providing an excellent service to the people or that type of request would not be there. I think of a person like Harold Clapp, who just retired from our ministry after serving as a dairy cattle specialist for a number of years; I do not think you would find anybody better in servicing dairy farmers across Ontario.

Sure, you have to start with some who have not had broad practical experience. These people are not clinical, but they learn pretty fast. When I look at the quality of our specialists in any area, we try to maintain those that have a master's degree in their particular field so we know they have had quite an exposure to theory and to practice as well.

I think our specialists are in a good position and we are doing our best to maintain a very high level of service.

Mr. McKessock: How much does the ministry look towards the ag rep for information and advice from the field; how things are working any complaints?

Hon. Mr. Timbrell: When I became minister, I considered a system I had had in the Ministry of Health; it is not completely analogous. I get a monthly report from every ag rep and from the head of every branch in the ministry on what is happening in those counties, what complaints they are hearing, what is going right, what is going wrong, local problems.

Mr. McKessock: Are the ag reps encouraged to give you advice as to how things could be changed to make them improve? I would hope that would be the case, rather than think they just report to you. Is there some way that the program could be improved that they would be encouraged to give you that? I think sometime they hold back and think they should not tell the minister something, but if they could be encouraged to do it, they might do it.

Hon. Mr. Timbrell: I know I have had feedback from the field. I know when I first asked for these reports they thought, "Oh, God, here is another report." I have had the feedback because I read them, every single word of them. If there is something I do not understand or if there is a problem I want more information on, it is followed up by the ministry. I have had the feedback.

They are amazed, first, that I even read them

let alone that certain things are investigated. For example, they will get a call from a branch rep saying: "You sent this report to the minister. What is the problem?", or, "Here is information he should have;" that sort of thing.

In the reorganization we set up a separate branch for the ag reps. Previously, they were part of a larger operation. We discussed this last week. Norris Hoag is here. He is the first head of the ag reps branch, having been an ag rep himself until he won the competition for that position. We are following up with the ag reps.

One of the things I discussed with Mr. Hoag recently was what is being done, for instance, on performance evaluations. That has not been, to my knowledge, followed up previously. No one has ever, on a systematic basis, sat down with the ag reps and said: "Here is our evaluation of what you are doing. Some things could be better. What are your problems?"

There have been a number of meetings in the last year with the ag reps. We inform them of what is going on in the ministry, what various changes are under way, and we get feedback. That is not to say they are all happy because I know darned well they are not. Some of them are finding it very difficult to adjust to the changes, the extra work load brought on by things like the farm adjustment assistance program, the farm improvement program and that sort of thing.

Mr. McKessock: My feeling is the farmer is going to probably complain or bring his objections or criticisms or advice to the ag rep, or at least I think he should. I would hope that this then would be passed on to the minister.

Mr. Riddell: Where does my classmate, Roger Thompson, fit into your reorganization? It seems to me he has been lost in the shuffle. He was a member of the great dairy team that went with Dr. Rennie down to Chicago to do some judging in Waterloo, Idaho. We had a great time then. You were not a bad guy in those days, Clare.

Hon. Mr. Timbrell: Roger Thompson is in charge of the special study that is under way on hay, the potential for a hay marketing agency and the development of that.

Mr. Chairman: Do we carry this vote or carry on with it this afternoon?

Mr. Riddell: I have something I want to discuss on 4-H clubs.

Mr. Chairman: Okay. Let us leave the vote until this afternoon.

Mr. McLean: Mr. Chairman, I had not concluded my remarks and I wanted to speak briefly on museums, to ask the minister some questions on that.

Mr. Chairman: All right, after lunch. We will recess until two o'clock.

The committee recessed at 12:34 p.m.

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Henry, Dr. J., Director, Veterinary Laboratory Services Branch
McLaughlin, Dr. R., Director, Plant Industry Branch
Rennie, Dr. C., Assistant Deputy Minister, Technology and Field Services Division
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No. G-8

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Agriculture and Food

Third Session, 32nd Parliament

Wednesday, June 22, 1983

Afternoon Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, June 22, 1983

The committee resumed at 2:04 p.m. in committee room 1.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(concluded)

On vote 1903, agricultural technology and old services program:

Mr. Chairman: I call the committee to order.

Hon. Mr. Timbrell: Mr. Chairman, there was one point I had from this morning that I thought the members would be interested in. Mr. McLean touched on the question of farm expenses and incomes. There are some interesting data that I had not seen before for the whole of the country, comparing 1982 to 1981. I think Mr. Stewart and I exchanged numbers on net farm incomes versus expenses. These figures come from Statistics Canada. It is interesting to note that between 1982 and 1981 nationally there was a 1 per cent increase in expenses of four per cent, and in the rest of Canada a net farm income decrease of 19 per cent.

Relative to that, Ontario stacks up pretty well. While expenses nationally were up four per cent, in Ontario they were up two per cent, which is the lowest increase, I think I said last week since the late fifties, though it may be the sixties but certainly for many, many years. The net farm income decrease in Ontario last year was two per cent compared to the 19 per cent decrease nationally. So, relative to agriculture in the rest of the country, we did not do too badly. It is rather interesting. If you look at some of the other provinces out west—I guess you have to get behind these figures to do individual analyses—Manitoba showed a 25 per cent decrease in net farm income; Saskatchewan, a 17 per cent decrease; Alberta, a 35 per cent decrease; and British Columbia, a 73 per cent decrease. Why that is, I do not know. Newfoundland was up 50 per cent, from \$5 million to \$7.5 million, whereas in our case we declined from \$840 million to \$822 million. Prince Edward Island was off 70 per cent last year in farm income.

I thought you would be interested in those figures. I had not seen them myself.

Mr. McLean: I want to conclude my remarks on the museum part of the estimates. I would like to know how many museums we have in the province that we classify as number one, which are used for educational purposes. What percentage of the school children across this province get to use the different museums in agriculture that we have?

Some of the educational programs in the schools are, I think, sometimes lax in providing the opportunity for children to obtain more knowledge of what their forefathers have done and how this land in the province was created, the clearing and the hard labour that has gone into it to make Ontario what it is today. I am wondering if the use for which these museums was intended is being pursued.

I know in my riding there was a museum initiated some years ago. It has since been closed and the property sold. A lot of the fixtures and antiques that were there have been moved to Milton. I am curious to know just how many museums there are in Ontario and if they are being used for the purpose we are paying for them to be used.

Hon. Mr. Timbrell: There are a number of local museums. Some are operated by the municipalities and some by local historical societies. Women's institutes in some areas operate small museums, that sort of thing.

The only one we operate in our ministry is the Ontario Agricultural Museum at Milton. I suppose some of the colleges have some historical displays, but you cannot really call them museums. I can only answer as far as the Ontario Agricultural Museum at Milton is concerned. Last year we had about 10,000 students going through the museum. This year they are estimating they will have about 20,000.

I guess it was in the first month or so after the change of ministers that I met with the general manager and the senior staff of the museum. I was particularly interested in seeing them do more to get information out to the schools because they are in the middle of a very large concentration of population in the province, and it seems to me the potential is there for significant increases in the numbers of students going through.

Mr. McLean: Is there just the one?

Hon. Mr. Timbrell: Just the one that we operate. As I said, there are a number of museums around the province that are operated by local municipalities or various other organizations, some of which will have agricultural components. Dr. Rennie reminds me there is Upper Canada Village, which is operated by the St. Lawrence Parks Commission, but there is only the one that we in our ministry operate.

Mr. McLean: I will take just about two minutes to wind up what I have to say. I hear it asked quite often, what are you going to do for these farmers who are in need? What help is the ministry going to provide? What programs are we bringing in? I, for one, would like to know what programs it would be possible to bring in that could help the farmers.

I made some remarks earlier on with regard to the family farm. I know what it is like to start with nothing, buy my own farm and pay my way as I go. I was burnt out in 1964 and bought another farm the same year with the junior farmers' loan, which at that time was at a five per cent rate, which was a great benefit to me. In 1964 I worked for Allied Farm Services, and it was astonishing the number of farmers who had borrowed money from finance companies—I could not believe it. I am wondering if that still is the case, and what policies could be brought in that would help the first-time farmers. Is there a problem with that policy?

Hon. Mr. Timbrell: To answer the first question, are you asking whether the finance companies still have a lot of money lent out to farmers?

Mr. McLean: Not really; I was wondering what policy could be brought in to help the first-time farmer.

Hon. Mr. Timbrell: Since the 1960s there has been quite a marked shift in long-term financing. Correct me if I am wrong, but I think it was in 1967 that the Bank Act was changed to allow the banks to get into long-term financing. Before that, by law, they were not allowed to. In the late 1960s we got out of long-term financing at the request of the federal government when they argued that they wanted to make the Farm Credit Corp. the prime mover in that field, and we agreed with that. But over the course of the last decade, the involvement of the FCC has gone down steadily. At one point they had more than 70 per cent of the long-term debt in agriculture in Canada—10 to 12 years ago. Now

they are down to somewhere between 20 and 25 per cent, I think.

The various policies that we have been introducing over the last year are, all of them, aimed at the longer-term stability of agriculture, and they are all interwoven, whether it is the beginning farmers' program that we are bringing in or the tripartite stabilization program in which Ontario has taken the lead in trying to develop in this country, or things like the beef cattle protection plan that we brought in last year or the Ontario farm assistance adjustment program for that matter. They are all interwoven as a means of giving longer-term stability to agriculture in the province.

The beginning farmers' program will afford interest rate assistance for the first five years for beginning farmers, to give a maximum rebate of five percentage points on their long-term debt down to as low as eight per cent, which, given the cost of establishing a farm enterprise these days, would be a considerable amount of cash in many cases. I know in my early days in the ministry, in talking to a lot of farmers at the time, they would say, "Look, you can give me my money at zero interest, but something has to happen about the return from the marketplace. If we cannot get a decent price for the product, it does not matter that much in the long run what the cost of the money is."

That is why we have been pushing so hard on stabilization, to try to take out the cycles, these very low valleys that occur from time to time particularly in the last few years, for red meat and for certain cash crops.

Mr. McKessock: Do you not realize, though, that five years does not have a stabilizing effect on the industry? What Al McLean was talking about was a 25- or 30-year mortgage—

Hon. Mr. Timbrell: Twenty-nine.

Mr. McKessock: —or a 29-year mortgage, the same as farm credit. I feel that has had a stabilizing effect on the industry during our lifetime. I think we have to do the same thing now. All farmers really want is that basic stabilization. You know they cannot control the product unless they want to get into supply management.

Hon. Mr. Timbrell: Even the Farm Credit Corp. is amortized over—is it 25 years or 29?

Mr. McKessock: Twenty-nine years.

Hon. Mr. Timbrell: But the term is 10 years

Mr. McKessock: That is a change too, but I do not agree with that change.

Hon. Mr. Timbrell: Maybe, but that is what it

changed to a 10-year term. They amortize them over 29 years, but the term is 10 years.

Mr. McKessock: I talk about 20, 30 or 35 years, and some have said to me everything now based on five years. That depends on whether you want a stabilized industry or you do not. They say, "What happens if the interest rates go up to 40 per cent in five years?" I am convinced that if they go up to 40 per cent in five years—

Mr. McKessock: It is a bad break from something that worked well before.

Hon. Mr. Timbrell: We will have a revolution.
Mr. McKessock: —the guy who has the five-year mortgage is going to be broke. If he has a 29-year mortgage, it is going to stabilize the industry and he is still going to be in there.

Hon. Mr. Timbrell: Ottawa did much the same as private lenders. When interest rates went hairy in the 1970s, they changed their policy to reduce the term. But even that is better than the institutional lenders, where the most you can get is five years and most are only going to three. Unless there was some change in federal policy that somehow influenced the term—and I do not know how they would do it—of mortgage instruments for farming, housing, small business, whatever, I think we are pretty well tied to that marketplace.

Hon. Mr. Timbrell: It is not just agriculture.
Mr. McKessock: It is not just agriculture, but we are talking—

I still have to believe that the more we can do to effect a better stabilization program, over the longer term that will have as much or more beneficial impact on agriculture than even some of these programs.

Hon. Mr. Timbrell: When my parents got a mortgage back in the 1950s, it was a 25-year mortgage—

Mr. Riddell: Very briefly, before I mention the 4-H matter, the minister will recall earlier in the estimates I raised the matter of the Koonstra appeal in connection with this pullet quota. I appreciate receiving a letter from the minister dated June 17. I am pleased that "Mr. Johnstone, chairman of the egg board, has stated that the egg board will formally request in writing a ministerial reconsideration of the Koonstra hearing decision."

Mr. McKessock: I know for the housing industry—

Hon. Mr. Timbrell: —which they transferred when they sold the house 12 or 13 years later.

Mr. J. M. Johnson: Mr. Chairman, I think we are discussing farm stabilization, which is under vote 1904. I am not concerned about discussing it now. What I would like to do is ask the committee if it is going to give some time to vote 1904.

I feel there are some areas in this material that we should be discussing. I would like to set aside some time, but if you want to discuss it now and it is okay with the chairman, that is fine.

Mr. Riddell: I think we should complete vote 1903. I did have a 4-H problem I wanted to raise.

Mr. Chairman: We are trying to work our way through 1903.

Mr. J. M. Johnson: Let us see that we have a little time left for it.

Mr. Chairman: Okay.

Mr. McKessock: Does the minister have any response to that question of long-term stability? I realize that housing mortgages are on the five-year term, too, and I do not agree with that either. Do we want to stabilize the industry? If we do, I think we have to stick with those long-term mortgage loans that we had in the past and which stabilized the industry.

Hon. Mr. Timbrell: We are very much tied to the market place. Even the FCC, as I said, has

If you are going to be involved in this, I do have a history of Mr. Koonstra's operation in point form, dating back to December 1969. It pretty well gives an outline of his farming operation since that time and the reason he is encountering the present problem.

I can leave that with the minister.

2:20 p.m.

Hon. Mr. Timbrell: I met with Mr. and Mrs. Koonstra and with Mr. Johnstone, Brian Ireland and others on Monday of this week and considered their views. I told them there were a couple of things in the facts of the appeal that concerned me.

In the reasons for decision of the tribunal, they point out that certain dates on certain invoices had been changed, which is no reflection on Mr. and Mrs. Koonstra, so it appears, but the fact is someone changed the dates on some invoices. The tribunal, of course, took great exception to that, as I would.

I told them that before I make a decision I will meet with the pullet growers' association. They were the other party to the appeal. I think it only

fair I hear what they have to say and then arrive at a decision as to whether to intervene and, if so, in what way.

There are one or two others, apparently, in the same position, who have signed contracts for new facilities and/or for the placement of chicks, which contracts predate the February 18, 1981, cutoff; the facilities were not finished and/or the chicks were not in place by that date. The issue revolves around a few more people than just Mr. and Mrs. Koonstra.

Mr. McGuigan: I had a case similar to that.

Hon. Mr. Timbrell: Did you?

Mr. Riddell: Thank you, Minister. Now to my 4-H problem.

In my opinion, and I do not say this because Huron county happens to be located in my riding, I feel that Huron county has long been a leader in 4-H club activities. They started a 4-H poultry program about three years ago, and as there was very little information available from the Ontario Ministry of Agriculture and Food in connection with such a program, OMAF suggested that Huron county develop a program.

A committee of 18 people from Huron county was set up. This committee included 4-H leaders, poultry judges, senior members of the 4-H work and others. They worked very hard to put together a good poultry program and submitted it to the rural organization branch in Guelph.

They had been working with this excellent program for, as I understand it, three years, only to learn that the ministry, on its own volition, had established its own program and did not even consult with the Huron committee. I am advised by one of the 4-H leaders in connection with this program that the ministry program is not nearly as good as the program developed by the Huron committee.

To give you an example, the OMAF program goes back to the days long before my time as an ag rep when they had to exhibit two birds. I can well recall, when I was in Hastings county, taking these blasted cages up to Bancroft. The 4-H members would show these two birds. If you judged them, you had to pick the bird up and you had to see how much space there was between the pelvic bones and all this kind of stuff; which is meaningless, it has no meaning today.

The Huron county program called for the 4-H members in the commercial laying part of the program to exhibit a flat of eggs, and those in the commercial broiler program had to exhibit three dressed birds. Then there was a third part

of the program which the new OMAF program does not include whatsoever; that is what they called the fancy division, and that included pigeons.

As it stands now, if they are to abide by the new OMAF program, it precludes the participation of the Huron 4-H members in the Royal Winter Fair and, furthermore, OMAF is asking these 4-H members to exhibit at the Royal Winter Fair two birds, which they are very reluctant to bring back home with them because they know full well those birds are probably going to be subjected to disease, if there is disease among all those birds at the Royal Winter Fair. They will not want to bring the back in their flock at home.

It makes far more sense, as far as I am concerned, to have them exhibit a flat of eggs or to have them exhibit three dressed birds, and to have those who are in the fancy class exhibit their pigeons, but the ministry's new program precludes all of that.

Hon. Mr. Timbrell: Does this fancy class include bantam roosters and the more exotic breeds?

Mr. Riddell: They are very upset that the have had foisted upon them a program from OMAF and, as I say, OMAF never consulted the Huron committee who were asked to establish a program by virtue of the fact there was not very much available at the time from the ministry. I really think that was in poor taste.

The other thing that makes them a little upset is that they learn that the person who was responsible for drumming up this new program was a person by the name of Nick Tummers who is a 4-H leader in Wentworth, a chap who apparently has not been involved in the poultry program previously. The thing that made them really mad is that they heard that Nick Tummers was paid \$50 a day for putting this material together, whereas the Huron county committee put all this material together at its own expense. They maintain they have, as I say, a far better program here than the ministry has in this little bit of stuff that it devised.

Let me just read a letter that was sent by the 4-H poultry club leaders in Huron county—Barb Cleave, Glenn Haney, Tim Kruse and W. Jardine—to a Mr. Jack Haggerty, manager field services, Guelph Agricultural Centre. The same letter was sent to Ms. Barb Alves, agricultural youth project specialist, Guelph Agricultural Centre.

It begins "Dear Mr. Haggerty" in the one case and "Dear Ms. Alves" in the other.

"This is in regard to the letter and 4-H poultry material lessons 1 to 7, numbers 48761 to 767-83 inclusive, which you sent to the Ministry of Agriculture and Food, Huron branch office, 20 King Street, Clinton, Ontario, and other branch offices.

"This letter and lesson material has disturbed and upset the Huron county 4-H poultry club leaders. We want some answers and clarification as to what is going on concerning the existing 4-H poultry lesson material that was sent to the department responsible for 4-H programs over the past two years.

"We wish to know why the existing 4-H poultry program in use at present in Huron, Bruce and Essex counties, to name a few, is being ignored. We want to know why such a program, was put together over a period of time by a poultry committee of 18 people, that includes people such as agricultural college graduates, licensed poultry judges, interested poultrymen, as well as a number of concerned 4-H poultry club leaders and members.

30 p.m.

"The existing program has been compiled with the 1981 4-H task force report in mind and has done its best to interest and maintain interest by a system of advancing yearly lesson manuals and record books complete to the third-year level in pure bred poultry (fancy breeds) and a commercial record book for our commercial laying program.

"We would like an answer to the question of why the existing program and materials in Huron, Bruce, Essex and other counties are ignored and why, as poultry club leaders, we were not consulted or given the opportunity to discuss our present program.

"We want to know if Mr. Nick Tummers, the man you name in your letter as being responsible for the material you sent us, is alone responsible for assembling this material and also what authority he holds in having this constituted as a basis for 4-H poultry shows at the Royal Winter Fair.

"We want to know if the rumours that Mr. Nick Tummers was paid a fee to produce the material sent to us is true. We will be even more upset if we find the rumour to be true.

"We will be expecting a reply from you in the near future which will give us some answers. Please note that copies of this letter have been forwarded to," and they are to the Ontario Ministry of Agriculture and Food, myself, their 4-H contact in Huron county, Miss Cathie

Potter, and the editor of The Feather Fancier at R.R. 5, Forest, Ontario.

I have to tell you that the young fellow who came in to see me is tremendously upset over the way this thing was handled. As I say, they were advised by your ministry to come up with a program, which they did at their expense and, lo and behold, they have something like this forced upon them, which I say goes back into history.

I cannot believe that these members are still expected to show two birds instead of the product from these birds, which is not going to cause any disease factors whatsoever in their flock afterwards. I think they have a very legitimate point and I would certainly like to get the minister's response.

Hon. Mr. Timbrell: I have not seen any of this material. Of course, I am interested to hear that letter. I think what I would like to do, through Dr. Rennie, Dr. Collin and Ken Knox, the head of the Royal Winter Fair organization branch, is follow up from today and check into it. Ken Knox might want to just give some background overview from the branch's point of view, but we will get a more detailed response back.

Mr. Knox: We are feeling pretty badly that they are upset. One of the strengths of the 4-H agricultural program has always been that there is resource material available provincially, but it is not mandatory that the material be used. This is something that goes back to about 1967, when the new guidelines of that program were laid down, which say there is a lot of latitude that 4-H leaders locally can have.

Certainly the program the Huron leaders have been involved with is an excellent one. It is not necessary that they use the material that is available provincially. However, there are poultry clubs across Ontario, and the person was asked to review all of the material that is available in North America and put together some material that we can make available from the provincial office to all of the counties in Ontario that choose, under our direction, to use some material that was not included in the Huron one.

We could debate those kinds of things, I guess. We are certainly not putting the emphasis in the 4-H poultry program on the fancy birds. That is just the way we are viewing it from the provincial level. We are looking more at the raising of pullets and the commercial aspects of it.

Hon. Mr. Timbrell: These are not binding on them.

Mr. Knox: No, that is correct.

Hon. Mr. Timbrell: If they choose to use the program they have developed themselves, they can. What about this aspect involving the Royal Winter Fair?

Mr. Knox: We do not dictate what the Royal Winter Fair has as classes, nor have we been asked for any input into recommending what they have in their poultry classes there. I am very confused by that statement in the letter.

Hon. Mr. Timbrell: All right, we will follow that up. Have they had some indication from the Royal that is going to be a requirement this year for the show? There are certainly lots of live birds at the Royal.

Mr. Riddell: I do not know. The only information they gave me was that it was a person by the name of Gordon Ridler who was supposed to be responsible for the 4-H show at the Royal Winter Fair, and for some reason this fellow has been bypassed and Nick Tummers has been put in charge. They just do not understand what is going on.

Hon. Mr. Timbrell: We will have to check out the Royal. They run their own show.

Mr. Knox: In fact, we do not have 4-H classes in the poultry division at the Royal Winter Fair, so I am very much confused with their statement. We will have to try to sort that out.

Mr. Riddell: I am sorry to hear you say there is not too much emphasis placed on fancy breeds. I want you to know that through the 1980s a lot of urban people have been attracted into 4-H club work. There have been numerous 4-H club projects started because of the urban people. There has been the snowmobile club, the pony club and the horse club, most of which would not have existed had it not been for the attraction of the urban people into these programs.

I am sorry to hear you say that the fancy breeds, such as pigeons or banties and all the rest of it, are not given a great deal of emphasis. If we are going to cut out these, then we are cutting out the urban people from learning a little bit about agriculture through the 4-H club programs.

Hon. Mr. Timbrell: I do not think he is saying that. I did not interpret it that way, about cutting it out. What he is saying is that the primary emphasis is on the commercial aspect.

Mr. Knox: That is right.

Hon. Mr. Timbrell: The other is certainly included. I did grow up on a farm and I did have bantam roosters myself.

Mr. Riddell: I would appreciate it if this was looked into.

Hon. Mr. Timbrell: I will make sure of it.

Mr. Swart: You like the combative banty.

Mr. McKessock: I would like to congratulate you and your staff for bringing in the new 4-H farm management clubs. They have been very successful.

Hon. Mr. Timbrell: Especially since the first-prize winner was in your riding.

Mr. McKessock: That is right. Julie Bumstead will be one of the ones to whom you will be presenting an award. Grey county has a very successful club with 75 or 80 participants. They invited me to present the wafers at their achievement day. I was very impressed with the program and the way it was attended.

One of the clubs went as far as to go out and look at a farm that was for sale and make an imaginary purchase, set up the development of that farm and go through the process as a club to purchase that farm and put it in operation. In fact, I think some of the participants were so enthused that they wanted to carry it out in reality. This was very interesting and made it very interesting for the participants. A lot of credit goes to Alex Leith and Denise Edwards from the Markdale office who run this program and do a fine job of it.

Mr. Swart: Shall we carry vote 1903?

Mr. McKessock: I have one other thing. May I get a copy of your letter to Harriston about whether you are attending the fair there?

Hon. Mr. Timbrell: I signed it yesterday, and I put a note on it to talk to you before.

Vote 1903 agreed to.

On vote 1904, financial assistance to agricultural program:

Mr. Chairman: I guess we have better than an hour. Maybe Jack now and then—

Mr. Swart: Could we divide it into topics. Would it be agreeable if we dealt with the farm property tax credit first?

Mr. Riddell: That is what I want to start on now and then I have to apologize. I am going to have to leave before the estimates are completed because I am speaking to a graduation class tonight at 6:30 and it is a two-and-a-half to three-hour drive home.

Mr. Chairman: Why do you not lead off, if you want to go.

Mr. Riddell: Okay. The minister raised this in his own opening comments, and then in later questioning he said to the opposition critics, "I have never heard you people take a stand on the new property tax proposal."

I informed the minister that I was one person who did talk about his proposals, expressing the serious reservations that I had about it. Since we had this discussion in committee we were presented with a brief last week or two weeks ago when our task force was in Goderich.

Hon. Mr. Timbrell: Who was it from?

2:40 p.m.

Mr. Riddell: The brief is from George Underwood. George Underwood was a member of the committee, as were Bev Brown and Jim Armstrong.

This pretty well outlines the concerns I had and tried to express in the Legislature, so I am just going to let you know what their concerns are. The brief, which is not long, reads as follows:

"Thank you for the opportunity to appear, and we wish to address the proposed 100 per cent rebate of taxes on farm property and farm buildings.

"First, we wish to say that we agree that taxes for education should be removed from farm land and farm buildings. However, we do have several concerns.

"1. Ownership of land and its rights in perpetuity or forever.

"2. Pride of ownership and the inherent discrimination it may cause if farmers pay no taxes on land and farm buildings for services they require and demand.

"Farmers are seriously questioning the actions of any government that offers to pay 100 per cent of all property taxes on all farm land and buildings. For what other large segment of the Ontario economy has the Ontario government offered to pick up the entire tax bill? It is quite conceivable that when our economy does, in fact, turn around, and farmers are fairly paid for all our food products that food prices will rise dramatically. At that time, consumers and business people may rightfully question why they should be paying all the taxes on farm land and buildings when industry and business pay business tax and/or property tax.

"Changes by democratic governments come after pressure from people. Even government legislation may be changed, and as an example

we would like to suggest how quickly the federal government recently gave second reading to changes in the Bank Act. Or for others who say it is still impossible that we may lose rights to land, we would like to remind everyone of some of the many changes in intensive farming that animal rights groups have forced some European governments to legislate.

"Mr. Timbrell has offered to legislate in safeguards. Concerned farmers recognize that the government people who pass this safety legislation today may not be here to defend it in future years. Basically, there is no guarantee that will guarantee a guarantee.

"Most farmers are prepared to pay for services they require, and there are services, e.g., fire protection, movement of feed, fuel, fertilizer, barn produce, during any hour of the day or night. We wish wide roads with good visibility so that we can safely move larger, wider and heavy equipment on our road systems. We wish to move many of our products by either tractor or unlicensed vehicles of husbandry. These vehicles do not pay any taxes towards maintenance of roads and bridges.

"We wish to keep our local autonomy or independence so that we can administer local planning, municipal ditches, etc., and make our own local decisions. This could be eroded away, if some day in the future someone at the government level should question why a farmer's dollar should be collected for farm taxes and, an Ontario government dollar mailed to that same farmer to replace it. Thus, why not save money and not collect the dollar in the first place? If this should happen, it could then be rightfully construed as no taxes on farm land and farm buildings, and local municipalities would be left dependent on a government grant. We can help to maintain our local autonomy by paying our full share of taxes, not by 100 per cent payment of taxes on farm land and farm buildings by the provincial Treasury.

"There are also many producers who really should have no need for this rebate because cost of production formulas used in the feather industry, and possibly other industries, incorporate that commodity's share of farm taxes and make it possible to collect the fair share of farm taxes from the marketplace. This illustrates that not all food producers even need assistance through a 100 per cent rebate.

"The Ontario Federation of Agriculture has said it will work for tax reform. However, when the payment of total taxes of farm land and

buildings through a rebate is achieved, there is less incentive to pressure for further tax reform.

"The \$20 million plus might be put to better use through additional research grants related to agriculture and/or interim programs, such as the '82 farmstead improvement program. We suggest that these all have a greater multiplier effect on every segment of our population than the few dollars saved per individual farm from this proposed program. The long-term positive spinoff from the above ideas is that we as food producers could become more efficient and could continue to supply an abundance of top quality Ontario food.

"Requesting your serious consideration of this important matter."

As I said, the committee was represented by three people who come to my mind now, Bev Brown, George Underwood and Jim Armstrong. There was another person sitting at the table but his name escapes me.

Just let me end my comments with an article that appeared in the *Toronto Sun*. A lot of people are becoming very much concerned about this program of yours. This article is entitled "Ploughing Ahead":

"It took the farmers of Ontario to do it, but finally some Canadians are waking up to common sense. We refer to the action of several Ontario farm associations who have said thank you but no thank you to the Ontario government's offer to rebate 100 per cent of farmers' property taxes.

"Right now, farmers get 50 per cent of their property taxes rebated. They fear that accept-

Hon. Mr. Timbrell: That is misleading right there. The *Toronto Sun* is misleading the public—unintentionally, I am sure—by saying 100 per cent property taxes. As you know, the rebate is just on farm land and buildings. This leaves the impression, which would concern most people, that their total tax bill would be rebated, and that is not the case.

Mr. Riddell: I cannot dispute that.

"They fear that accepting the government's offer will somehow mean losing control of the farms. They are not sure how, they haven't thought it out, and they don't expect government inspectors to start snooping around just because the government is giving them this extra tax break—but deep down inside, some farmers suspect that he who pays the piper calls the tune.

"They are, of course, dead right. It may cost me, said one farmer supporting the tax stand,

but it's the principle. We are in awe. When was the last time in Canada that anyone put principle before pocketbook? In fact, the principle is sound and will benefit farmers more than the short-term gain of a quick payoff.

"Farmers understand that when government gives such a big tax break in one area, they usually grab money back somewhere else. Meanwhile, once you accept the handout, you open the door to all kinds of government interference. Some bushy-tailed bureaucrat will argue that we're subsidizing farmers at the expense of other taxpayers, so shouldn't we look into the way farmers run their business, feed stock, fertilize land, and market any goods left that aren't already controlled by marketing boards?

"In saying no to this new handout, farmers understand instinctively what groups from single mothers to ethnic organizations, from businessmen to intellectuals, don't understand. That there is no such thing as a free lunch. Take a handout from the government and, like a welfare mother, the next thing you know some social worker will be around to check up and see if your boyfriend is staying overnight or touching you below the waist.

"We cheer on those Ontario farmers who have decided—albeit at the 50 per cent mark—that the line must be drawn. Now if the rest of us could just say no to 50 per cent of the bribes and goodies government hand outs, we might get both our economy and character back on the rails."

Mr. McKessock: There is a way for us to save \$20 million.

Hon. Mr. Timbrell: Could I see the brief and the editorial, please? I would like to respond to both.

Mr. Riddell: Okay. I am sure we could debate at length this whole matter of property tax rebate, but I am going to stop and let the other have their chance. I am sure they have as many concerns as I have. I want you to know there are many farmers across the province who are a little suspicious of this program and they definitely would rather go along with the existing system than have the government rebate 100 per cent of the land taxes.

2:50 p.m.

Hon. Mr. Timbrell: Maybe I could respond while you are still here.

Mr. Swart: If you would like to hear from me that would put a little different perspective on

before you respond; or does Mr. Riddell have to leave right away?

Hon. Mr. Timbrell: Have you got time?

Mr. Riddell: Yes.

Hon. Mr. Timbrell: Okay, sorry.

Mr. Swart: There is no obligation on Mr. Riddell to do so, but he has not stated yet what the position of the Liberal Party is on this proposed new legislation that will change the system of paying the farm property tax rebate. I say, categorically, my party and I support the principle of the change to paying the 100 per cent of the taxes on farm land and farm buildings. We have some strong disagreement with the qualifying amount, and I will deal with that in just a moment, but in principle we support it. We support it for a number of reasons. We think it is a much fairer system. The present system gives it for the houses as well as the land. It does not matter whether it involves a full-time farmer or not. It pays the rebate to some very wealthy hobby farmers who have houses that may be worth a quarter of a million dollars and who do not make a living off the farm at all. They are the beneficiaries of the present tax rebate. When this change is made, at least it will only go to the farmers. They will not get it on their houses. That principle is sound. I think it has been shown in places like Saskatchewan that there is no loss of ownership or control because the farmers do not pay taxes on the land. All around I think it is a much better system.

I suggest that the objection to the change comes from three groups of people.

Mr. McKessock: The farmers, the farmers, the farmers.

Mr. Swart: You have mentioned, Jack, that some of them object to it in principle. They think they should pay taxes on property they own, and they object to it in principle. I admit there are those. There are also those who are afraid, although they do not object to it in principle, that they are going to lose some autonomy or in some other way they are going to have to pay it back. They object to it on those grounds. Then there is a large group, and I suggest to you in many areas this is the group that is initiating the objection, who have something to lose financially by the change. Primarily, they are not farmers but those who have wealthy homes and really have something to lose.

Mr. McKessock: The NDP never were much for property rights.

Mr. Swart: What do you mean not for property rights? I suggest to you there is a question of property rights of farmers who are losing their land for financial reasons. That is a greater danger right now for the farmers who are going bankrupt, the farmers who are going out of business because they cannot make ends meet. That is a major way in which property rights are being lost at present. That is where we need to address it.

There are thousands of people who live out in the country, who have very expensive homes and who are getting this property tax rebate at the present time. I suggest it makes much more sense for that money to go to the real farmer than it does for it to go to those wealthy home owners in the rural area.

I would have to say that in some of these arguments I get a little tired of hearing about principle when there does not seem to be any objection at the present time to these people getting 50 per cent on their homes but the people who live in town do not get it and all other home owners do not get it. There does not seem to be much objection to that on principle—that that is a bad principle now in existence which is going to offend city dwellers. I have not heard one of these people take the stand that they are against the 50 per cent on their homes because nobody else in our society gets it. I have not heard that argument used even once.

Mr. McGuigan: What is the difference between a 50 per cent sinner and a 100 per cent sinner?

Mr. Swart: Well, that is the point I am making. The member makes my point for me.

Mr. McKessock: I think 50 per cent relates to the education tax.

Mr. Swart: I do not know that you need to tie it just to the education tax; land does not need any social services, either, which is a large part of the property tax. If you examine these great principles, you will find that they are not such valid principles after all, as the member has just said with respect to a 50 per cent sinner or a 100 per cent sinner. It is our view that the main objection does not really come from legitimate farmers. The main objection to this change—

Mr. McKessock: Are you calling all of Brant, Bruce and Huron not legitimate farmers?

Mr. Swart: No, I am not.

Hon. Mr. Timbrell: Or illegitimate?

Mr. McKessock: Whatever. They are opposed to it, anyway, and the member for Welland-

Thorold is saying those who are opposed are not legitimate farmers.

Mr. Swart: I am saying the leaders in this to a very large extent have been known to have something to lose because they have large homes. I went to the area of the member for Wellington-Dufferin-Peel (Mr. J. M. Johnson) one time when they were voicing the huge opposition—and the member for Grey (Mr. McKessock) was there—to the Niagara Escarpment Commission. Out of the 13 or so people who spoke that night, there were only three who were full-time farmers; the rest of them were big land owners who had a big house along the escarpment.

Mr. McKessock: Let me tell you, judges and lawyers are not up in arms about this program; they probably do not even know it is going on.

Mr. Swart: The final point I want to make on this is that although we support this change, think it is reasonable that the money will go to the farmers and is not going to cost the province a great deal more to give it to the genuine farmers than now to pay it to home owners who live in the country, we do strenuously object to raising the qualifying amount to \$12,000, which is, I believe, the proposal for next year. The minister has gone up to \$8,000 for last year and this year, and I would ask him to consider seriously at least postponing that change, because the value of farm produce has dropped to the point where \$8,000 worth of farm produce now would represent \$10,000 or \$11,000 in many areas, maybe even \$12,000 two or three years ago.

Mr. McKessock: That is not the way beef has been going lately.

Mr. Swart: The member knows very well that farm produce on the average has been dropping, and dropping fairly substantially in recent years.

Mr. McKessock: Right; dropping, not going up.

Mr. Swart: You were not listening to what I said.

Mr. McKessock: You said that today it would be \$10,000.

Mr. Swart: Two years ago.

Mr. McKessock: Oh, two years ago.

Mr. Swart: That is what I said.

Mr. McKessock: Okay.

Mr. Swart: With the equivalent figure today, there are going to be a lot of people, particularly

in those areas up in Grey, who are going to be cut off by the minister. In fact, a survey—I believe it was the Grey Federation of Agriculture that did it—showed that 40 per cent of the farmers in Grey had a gross income of \$10,000 or less. I suggest that if he is going to pay it only on land, the cost of leaving this \$8,000 to \$12,000—that difference for the farmers who fit into that category—is not going to be a great cost to him, but it is going to go to a group that needs that additional assistance.

3 p.m.

Therefore, I say very frankly to the minister that my party and I will publicly support the program, which provides that this tax credit is going to go to farm land and farm buildings, but I will strenuously object if he proceeds to raise that to \$12,000 next year. I warn him—that may not scare him at all—that we will make a major issue out of that change for two reasons: because of the difficulty that many farmers are in and because the value of farm produce has dropped so much.

Those farmers, many of them in areas like Grey, are much more self-sufficient. They grow a lot more of the produce they use themselves than many of the other specialized farmers, the larger farmers. Their gross income, in fact, if you included what they may be using for their own purposes, for their own self-sufficiency would be well over the \$12,000 mark.

I hope the minister will perhaps make some comment that at least he will consider some further postponement of raising the qualifying amount of sales up from the \$8,000 to the proposed \$12,000.

Mr. J. M. Johnson: Mr. Chairman, I would like to make a few comments. Sometimes the government and the minister are criticized for not putting enough money into farm program and not listening to the concerns of the farmers. In this instance I think the member has done both.

It is my understanding that the Ontario Federation of Agriculture lobbied extremely hard to bring this legislation into existence. I also understand they are extremely pleased that the minister did respond. Now we are being criticized for it. I think some of the federations that supported it in the first place may be having second thoughts, but that is another point.

As far as the dollars in the program are concerned, at the present time I think there is \$63 million for the farm tax rebate program; I understand that \$21 million extra will be put in

That is a total of \$84 million. In 12 years that works out to over \$1 billion, and putting \$1 billion back into the farming community means something, or it should.

I have a bit of a dilemma. In my own riding I happen to represent the biggest farming portions of three counties—Wellington, Dufferin and Peel—and I would have to speak on behalf of all my constituents because a few people are opposed to the change. The Wellington people support it and the Dufferin people support it. In fact, for the information of the member for Grey, since he represents one portion of Dufferin, Fred Armstrong, the president of the Dufferin Federation of Agriculture, phoned me the other day and was quite disturbed because he thought I misunderstood their position. The people in Dufferin, according to Fred, are very supportive of the program as presented by the minister.

Mr. McGuigan: Where does Tom Jackson live?

Hon. Mr. Timbrell: Peel.

Mr. J. M. Johnson: My dilemma is that Peel is against it and the other two are for it, so I leave that with the minister to make that decision.

Hon. Mr. Timbrell: It is like the old story of the politician who said on a particular issue, "Some of my constituents are for it, some of my constituents are opposed to it and I always side with my constituents."

Mr. Riddell: I think the member should be aware of the fact that the OFA brought this up about two months ago and agreed to table it until this month.

Mr. McLean: Next month, is it not?

Mr. Riddell: July. At that time they are going to make a decision. It will be very interesting to see what the minister does, if indeed the OFA directors decide they do not want the program. I just wanted the member for Wellington-Dufferin-Peel (Mr. J. M. Johnson) to know that the OFA may have given its support at the beginning, but it is certainly having second thoughts.

Mr. J. M. Johnson: I have no problem with that at all, because my whole feeling about support is that if the people who are receiving this support do not want it, then we do not have to give it to them; there are other places it can go. I think it has come to the day when the people who are asking for it had darn well better make up their minds if they want it or not. What I hope is that they do not come crying afterwards because they have lost something. I take a little exception to the fact that the

member gets hung up on principle. The one thing the legislation does not do is say that a farmer has to accept the rebate. It is up to the farmer to accept it, and I think that a farmer who is accepting a 50 per cent rebate on his residence should not be hung up on the fact that he can accept 100 per cent rebate on his agricultural land.

It seems to me there is a principle involved; I think the member for Welland-Thorold (Mr. Swart) touched on it. I think farmers should be paying their fair share on their residences, and I do not believe that farm land has to be taxed.

I have no problem supporting this legislation, with the one stipulation that the people who are receiving the benefits must want them. If they do not, let us put the money into some other program.

Hon. Mr. Timbrell: Mr. Chairman, I appreciate hearing from all members involved.

Interjections.

Hon. Mr. Timbrell: What time do you have to leave?

Mr. Riddell: I would like to clear out by 3:15 p.m.

Hon. Mr. Timbrell: Let me respond then to the member for Huron-Middlesex, and we can carry on afterwards.

With respect, I am going to state what I think is his party's position. I take it that his party is opposed to the proposed program.

Mr. Riddell: In all honesty, I have to tell the minister that we have a difference of opinion within the caucus. There are some who support the proposals and there are, I would say, many more who are opposed, so there is no unanimity of decision in the caucus.

Hon. Mr. Timbrell: Okay. I would like to deal with this brief because it sums up in one brief most if not all of the arguments that have been made by opponents of what we have proposed.

Let me at the outset say that present intentions are to bring forward legislation in the fall session for the revised farm tax rebate program; so I have four months within which to decide whether to proceed and, if so, whether to make any changes. I can assure the member that I am following very closely all of these county meetings and the various briefs and so forth, but I can tell him that I am not sitting back passively. If somebody submits a brief or makes a statement that is factually incorrect or illogical, I am challenging it, and I have certainly challenged some of the authors of this brief.

Let me just go through this. Where they say,

"It is quite conceivable that when our economy does, in fact, turn around, and farmers are fairly paid for all our food products that food prices will rise dramatically." Well, I think that is questionable—not that the economy will turn around, but that there will be a huge increase. There may well be an increase in terms of percentage of disposal income, but I do not think it will be a huge one overnight.

Then they go on to say, "At that time, consumers and business people may rightfully question why they should be paying all the taxes on farm land and buildings when industry and business pay business tax and/or property tax." First of all, I want to point out that a couple of years ago the federal government made farm tax rebates taxable. It is not a tax-free rebate; the feds decided it should be taxable and, therefore, the province gets a share, since provincial income tax and corporate taxes are pegged as percentages of the federal tax.

Mr. McGuigan: Was it in 1982 or 1981?

Hon. Mr. Timbrell: It was 1981, was it not?

Mrs. Bardecki: It was announced for 1982.

Hon. Mr. Timbrell: Sorry. Mrs. Bardecki corrected me. It was announced in 1980 to take effect in 1982. Those farmers who are in the higher income brackets will, because they are in the higher tax brackets, pay a fair chunk of it back, quite frankly. It will be according to means.

Both the member for Wellington-Dufferin-Peel and the member for Welland-Thorold raised the prospect of somebody questioning the treatment of farmers when people in the city do not get certain advantages. There are a great many things that are done for farmers that are not now done, never have been done and probably never will be done for people in the city, for small businesses or for manufacturing. Whether it is the present or the proposed farm tax rebate program, subsidized debentures on tile drainage, free advice from ag reps, soil and crop specialists, livestock specialists, financial specialists, etc., you can go right through every branch of my ministry and find services and programs we provide to farmers at no cost, or in many cases heavily subsidised cost, for which there is no analogy in any other sector of the economy. Quite frankly, I think that is a significant red herring.

3:10 p.m.

The urban population of this province has never, ever, challenged the support by the government of Ontario of the farm community.

I have made the point many times around the province, and in now 16 months as minister I have never had a single letter from any one of my almost 100,000 urban constituents—and they know who their member is and they know what he does—to complain about government programs in support of agriculture. I do not anticipate I ever will. I certainly have not heard from any of them about this issue and it has been, as you point out, in the *Toronto Sun* and other urban media.

Mr. McGuigan: Mr. Chairman, can I raise a point of order? I am very much in sympathy with the minister in his reply to that, but it is going to take the rest of the time we have available to us to go through that.

Hon. Mr. Timbrell: I hope not. I will try to move on.

They point out that I have offered to legislate safeguards. I indicated months ago, when this issue was first raised, that I would instruct staff and legal draftsmen to include a section in the legislation to the effect that no person, by virtue of having applied for and accepted a rebate under this program, in any way, shape or form gave up any of his or her property rights.

Since then the executive council has decided to support the moves which are afoot to entrench property rights in the Constitution. Between the two, I think it is the best assurance that we can give anyone about protection of their property rights.

I appreciate there are many people out there who are suspicious of government and they probably have reason to be. They can find examples of things governments have done over the years. In this case, I think those two initiatives will more than satisfactorily answer that concern.

As I have told you before, I have at home a framed quote actually written by Mark Twain but alleged to be a portion of a judicial decision of Judge Tucker in the New York state surrogate court of 1868. The excerpt says: "No man life, liberty or property are safe while the Legislature is in session." When Mr. Twain wrote that, he was summing up the fears and apprehensions a great many of the rural community have felt for generations and always will feel. I think those two things, as I said, will answer that concern.

In making that point again, I have to emphasize the point Mr. Johnson made, that this is voluntary program. We send out application forms all over the province to owners of far properties, but they do not have to apply.

fact, in any year something like 25 or 30 per cent of the applications never come back.

In some cases, they might not meet the production criteria, but a great many of them are also people who on principle will not apply for the present program. I am sure those people would not apply for any program of municipal tax assistance from the government; so it is a voluntary program.

They say most farmers are prepared to pay for services they require; then they go on from there. In fact, every farmer will be paying for those services. Every farmer will continue to pay taxes to his or her municipality. Before they can make application for the program, they will have to have paid a minimum of 50 per cent of their taxes in order to be able to apply.

I know it has often been equated to education costs, but the whole idea of the program since its conception, and certainly the idea of this proposal, is to act as both an incentive and a reward for keeping our productive farm land in production or bringing it into production—an incentive and a reward.

Mr. Swart: Perhaps it is more a recognition of the fact, generally speaking, that land does not require the service.

Hon. Mr. Timbrell: It does not require educational services, social services or even a lot of the hard services that were referred to in the main.

Mr. McGuigan: It has been one of the more highly capitalized industries in the world, which is really the basic problem behind this.

Hon. Mr. Timbrell: On page 3 of the brief they raise the spectre of the municipalities having to be dependent on government grants. That is exactly why the original proposal for an exemption of productive farm land and buildings was dropped and changed to a rebate program.

Both the farmers and the municipalities were concerned about the prospect of the municipalities having to get all of their income, as far as farm land and buildings were concerned, from government grants, because they could see the possibility that, one year after another, the increase in the grants would not be to their liking.

The farmers saw that as a very real threat to their rights over their property. Then they would not be paying taxes at all; the government would be paying directly to the municipality. That was seen as a very serious threat. We

accepted those concerns and changed the proposal.

They go on with this business of: "There are many producers who really should have no need for this rebate." Then they go into cost of production, formulae and so forth. I have already pointed out that the rebates are now—and presumably will continue to be—taxed by the federal government; therefore, those who are in a better income bracket will pay accordingly; and need not apply, for that matter, if they do not want to.

Let me just leave it there, Mr. Chairman. Certainly each of the members has a varying opinion on it. It is interesting that in recent weeks a number of the county federations have been holding meetings. My mail has turned around from what it was six weeks ago. Now most of the mail I am getting is from individual farmers and county federations that are supporting the proposal.

In Essex county four weeks ago I met with a group of about 20 farmers—four or five of them were greenhouse growers in the Leamington area—and they said, "We want you to stick to your guns on this farm tax rebate program."

I said, "You had better have a word with your county council and with your warden."

They said, "Why?"

I said: "Because your warden is one of the fellows who is leading the fight against the program."

Number one, they did not even know who their warden was. I gave them his name.

Mr. McLean: Is there a jail there?

Hon. Mr. Timbrell: Yes, I am not sure whether it's—

Interjection.

Hon. Mr. Timbrell: Jack Morris.

Second, they had no idea that the warden of the county of Essex, of which they are a part, was not only speaking out against this program in Essex but travelling around the province attending meetings in Huron, Bruce, Grey, Peel and elsewhere to fight the program. They certainly see, from the point of view of greenhouse growers, that the program will be of significant benefit to them, given the very intense capitalization of that kind of enterprise on a relatively small portion of land.

I do not know if there is really much more we can say about it this afternoon, except that I am watching and listening closely—testing the waters, I guess you might say. We will decide over the summer what to recommend to cabinet.

Mr. Riddell: I thank you for your response. I only wish I was more steeped in history than I am. The person who spoke to me was far more knowledgeable about history than I am and implied there was a government of a country that embarked on this same kind of program and now the farms are all state-controlled.

I do not expect that would ever happen in this country or in this province, providing there is always a Conservative government or a Liberal government at the helm, but should there be any other kind of government, I would really shudder to think what may happen to the ownership of some of our farms. With that I shall leave.

Hon. Mr. Timbrell: Is that what you call a hit and run?

Mr. Swart: Before the member leaves, might I ask him the name of the democratic socialist government that has taken over the farms? Please name it.

3:20 p.m.

Hon. Mr. Timbrell: I wanted to say something to you. In Saskatchewan one of the very significant issues in the last provincial election, which led to the downfall of your party there, was the fact that the New Democratic government of Mr. Blakeney had, over a period of a few years, accumulated a million acres or more—I will not say 1.1 million acres, it may be more than that—by buying up farms as farmers retired and renting them out, in the main I guess, to beginning farmers.

That was a very serious issue and it led to the downfall of member after member after member in rural areas.

Mr. Swart: That is a very subjective opinion. We lost as many members in the cities and towns as we did in the country.

Hon. Mr. Timbrell: That is because of what all the people in the country were telling them.

Mr. Swart: I would think that might not be the main reason, or a reason at all.

Hon. Mr. Timbrell: I am not saying it was the only reason, but I am telling you that it was a very significant reason according to my information, which comes from the Minister of Agriculture in Saskatchewan at the present time.

Mr. Swart: It could be a bit biased.

Hon. Mr. Timbrell: The Minister of Agriculture of the previous government was also defeated in his own seat and that was a key issue in his own riding.

Mr. Swart: That is your view, or your information.

Mr. Chairman: There were a couple of members who wanted to comment on this matter: Mr. McKessock and then Mr. McGuigan.

Mr. McKessock: I will touch on this farm tax rebate program, touch some of the points of opposition and try to give you a few facts, even coming from your own document, the document on the red meat sector.

Before I mention that, I would like to mention a wee bit on the property rights issue of this farm tax rebate. That never bothered me, but I have heard some fairly convincing arguments about, "Will we lose our property rights if we get into this situation?"

One of the arguments put forward was that somewhere in the future, maybe 15 or 20 years from now, the animal rights' activists, who seem to keep popping up and getting a little stronger all the time, may take a farmer to court because of the way he is raising his animals, whether it be hens in cages or veal calves in confined stalls or whatever. They may use, as one of their arguments, that the government is paying the taxes, or the farmer is getting his land tax free, and that society really should have some say in how this business is run or how the animal is raised.

Hon. Mr. Timbrell: Surely you have told that person that if that were to ever come about—and I have no idea whether it will or whether it could even today, under whatever statute, whether it is under the prevention of cruelty to animals legislation or whatever—that a clever lawyer, even today, might, or one might even speculate would, try to make that argument based on the application for and receipt of 50 per cent of taxes.

Mr. McKessock: I suppose; and of course 100 per cent would make it that much worse.

Hon. Mr. Timbrell: Your colleague asked the difference between a 50 per cent and a 100 per cent sinner.

Mr. Swart: If I could interrupt; it is not a question of the difference between 50 and 100 per cent, because the amount of money they receive and the interest society would have according to your argument, by this new system is only going to increase the payout by 15 or 20 per cent.

Mr. McKessock: Of course, that smart lawyer would say you have increased it by 50 per cent because you now get complete taxes instead of 50 per cent.

Hon. Mr. Timbrell: Hold on. It is 100 per cent on the land and the building, as opposed to 50 per cent on everything.

Mr. McKessock: I realize that.

This should not happen, but what comes out of the courts sometimes these days scares me. You never know what is going to happen in the courts.

Hon. Mr. Timbrell: I know that, but all I am saying to you is I am sure you must have told that constituent or friend or whoever it was there is no way you can guarantee to him or her that would not happen today.

Mr. McKessock: That is true; however, others certainly come down hard on the \$12,000 gross income figure. The booklet on the red meat sector points out that there are 84,000 farms reported and one third of these farms gross less than \$11,000, which would be about 6,000 farms in Ontario.

The figures on the map in this same booklet, on page 5, show that Grey county would have about 500 of these. I am making the point that this is not just Grey county. As far as beef cows are concerned in Grey county, there are only 500 out of 6,000 in Ontario that are in that category, but when I turn to your agricultural statistics for 1981 and look at Grey county—

Hon. Mr. Timbrell: Do not forget to take out the east and the north from your calculations, because the proposal as it presently stands is to leave it at \$8,000 in eastern Ontario and in northern Ontario.

Mr. McKessock: Even \$8,000 is going to be too high for a lot of these. In Grey county there will be 1,580 farms that are under \$10,000 and something more than that under \$12,000.

It points out something in the area we brought up this morning. A lot of these farmers do not have any debt. They are surviving on what resources they have. They are smaller or older farmers who have farmed all their lives, and this seems to be kind of a last knockout for them. I do not feel there is any way this program should deny them the same rights as every other farmer. Actually, they have been the backbone of our industry and they should be treated in a similar way.

I think the only way you can do that is to keep that gross income level down at \$5,000.

Hon. Mr. Timbrell: First, do not forget that the retiring farmer or the widow will be covered under the new program whether they meet the production criteria or not, as long as the farm

would have qualified for the rebate program in the last 10 years. That is one thing.

Second, the figures you are quoting are from the section of the red meat sector report on the cow-calf industry. You would know that a large number of the people included in those figures are what some would call hobby farmers or part-time farmers or whatever. Many would be in eastern Ontario or northern Ontario where it is not proposed to go to \$12,000. When you start chipping away, you start to bring it down considerably.

I am not trying to dismiss your argument. This argument about whether we should move beyond \$8,000 is one I am watching very closely.

Mr. McKessock: Or \$5,000; I think the Ontario Federation of Agriculture is now proposing \$5,000.

Hon. Mr. Timbrell: Yes, they always have. I am not considering reverting. I can tell you that.

Mr. McKessock: Reverting?

Hon. Mr. Timbrell: To \$5,000. I am not unmindful of those arguments. No matter where you set the line, even at \$5,000, there would be people who never qualified. Correct me if I am wrong, but I do not believe at \$5,000 the retiring farmer or the widow qualified under the existing program.

Mr. McKessock: You mean some would and some would not.

3:30 p.m.

Hon. Mr. Timbrell: Yes, it was inconsistent. In other words, it was sort of by happenstance. Under the new program we are proposing to bring in the widow, the retiring farmer, the person who becomes disabled and whose farm would have qualified under the program for the last 10 years, whether they meet the production criteria or not. That is a fairly, if you pardon the expression, liberal provision.

Mr. McKessock: I do not mind you using that expression.

Mr. McGuigan: I had a fellow with about 20 acres. He did not qualify for the \$5,000.

Hon. Mr. Timbrell: The point is that no matter where you set it, someone is going to be under that line. I am mindful of your arguments. As you know, we had a good meeting with the folks from Grey county about three months ago where that was one of the matters discussed.

Mr. McKessock: At the meeting the OFA had in Grey, and Nancy Bardecki is familiar with it, they voted 132 to 17 in opposition to the

program. It is going to be interesting when all the OFAs report.

Hon. Mr. Timbrell: Were they all from Grey? One thing I have found of interest is that I am getting reports that some of these meetings are not being attending strictly by people from those counties. In other words, there have been reports that some people are moving around.

Mr. McKessock: Grey did it very democratically. They were each issued a red ticket when they came in. They had to register, so they had to be from Grey to vote.

Hon. Mr. Timbrell: They had to be from Grey. I know that when they had the meeting in York a couple of weeks ago they laid down the ground rules right at the outset of the meeting that said only people from York could speak and vote. They voted in favour of the program.

Mr. Swart: That was a package program that they voted for, was it not; which included the \$12,000 qualification?

Mr. McKessock: Yes, they voted against—

Mr. Swart: That would make a tremendous difference, I think you would agree, if that was to be left at \$8,000.

Mr. McKessock: One of the other questions was, are you in favour of the \$5,000 gross? There were 80 in favour and 32 opposed.

Hon. Mr. Timbrell: Imagine what the vote would have been if they had asked them, are you in favour of no production criteria at all? It would have been unanimous.

Mr. McKessock: It is hard to say. It might not because there is still opposition to that. I think we ought to remember the older farmer and also the young farmer, the young part-time farmer who is starting, a lot of them do come into farming but they have another job. I think if they are going to get on their feet they have to have every opportunity as well.

Mr. Swart: Surely we should remember what we are trying to get at here. That is why I think it should be left at \$8,000. I would go for \$5,000, but it is up to \$8,000 now and it is unrealistic to move back down to \$5,000.

Mr. McKessock: But \$5,000 is unrealistic.

Mr. Swart: Primarily, we want to help those people who are making their living basically out of farming. It seems to me that is what we want to do. If there are people—and there are, many of them, in Grey and elsewhere—whose income comes from the farm and their gross income is not \$10,000 or more, then that is my concern. You are going to leave out a lot of legitimate

farmers if you get that up to \$12,000. They are not big farmers but they are legitimate farmers, making whatever income they make from the farm.

Mr. McKessock: They are making the best use out of their 100 acres that is possible.

Mr. McGuigan: Actually, they are very frugal people. They live very simply as far as their purchase requirements go. I would like to get into this new argument—

Hon. Mr. Timbrell: Discussion.

Mr. McGuigan: —discussion. On the same basis as whether you are a 50 per cent sinner or a 100 per cent sinner, what is the difference, really, whether you are a \$12,000 farmer or a \$10,000 farmer or an \$8,000 farmer, recognizing that for administrative purposes you have to cut it off at some point?

These people are performing a service. They are preserving that land for some future more intensive use when it is required. They are staying out on their farm rather than going to the city and living on welfare and taking up a lot of city services. They live very simply at home. I just cannot see, really, why we should make any difference whether it is \$12,000 or \$8,000.

I think you are trying to get at perhaps the hobby farmer, who is a doctor in town. He has 20 acres outside the city where he has some horses or something of that sort. Is there any other way or any other criterion you can use to get at these people?

Hon. Mr. Timbrell: The only other way would be if we were to apply some kind of a means test and apply it to total income, rather than the gross farm income. In fact, the feds do that by taxing the rebates. We get back 48 per cent as much again of the income tax.

Mr. McGuigan: But that is so far down the road that people do not realize it.

Hon. Mr. Timbrell: They never see it; they never even think about it.

Mr. Swart: I am sure you would agree that if you move to the new system, the disadvantage of being at the \$8,000 level versus the \$12,000 level is not nearly as great as if you stay at the present system where you pay 50 per cent of the rebate on the house as well as land.

Hon. Mr. Timbrell: I do not know. On the new program, the difference between \$8,000 and \$12,000, and leaving it at \$8,000 for everybody, is a maximum additional expenditure of \$9 million. Just to give you some examples, and these are figures based on current prices and so

on, what you have to produce to get a gross of \$8,000—

Mr. McKessock: Oh, we have heard them and they do not really make a lot of sense.

Hon. Mr. Timbrell: Just a minute.

Mr. Swart: Are these new figures?

Hon. Mr. Timbrell: Four milking cows would produce a gross annual farm income of \$8,000; six cows, \$12,000; eight steers for finishing, \$8,000; 12 for \$12,000 gross; five acres of processing tomatoes, \$8,000; seven acres, \$12,000; a two-acre orchard, \$8,000 gross; a three-acre apple orchard, \$12,000. Those are just some examples.

Mr. McKessock: You are taking a small portion of commercial farms; we are talking about smaller farms, part-time farmers—

Hon. Mr. Timbrell: A two-acre orchard is pretty small; five acres of tomatoes is pretty small.

Mr. McKessock: But those are commercial operations you are talking about.

Hon. Mr. Timbrell: So is enough land for eight steers.

Mr. McKessock: Those are commercial operations and you are taking a small portion of them. Most of those things you are talking about are a small portion of a larger farm. What we are talking about is the small landowner, mainly in the beef area, who has 25 beef cows. If he had 100 per cent calf crop, he would have 25 calves last fall, which would have brought him about \$300 apiece, which would be \$7,500. We have to look at the realities of it.

Hon. Mr. Timbrell: I know, but you can take averages and do with them what you will. How many acres do you figure you need to raise 12 steers to finish for market? What is your rule of thumb for finishing a steer in terms of acreage required? The figure I am giving you would be basically a very small operation.

Mr. McKessock: He has to have 12 cows, and to finish them for market he has to have all that machinery to put in his grain and corn or whatever. People do not have all that. You have to look at the economics of it.

Hon. Mr. Timbrell: He may be share-cropping; he may not have any machinery.

Mr. McKessock: Yes, but what I am saying is that it is more efficient—and that is why these guys are ending up making themselves a living—for them to raise 25 cows than it is to have 12 cows and finish those through to market, because

it takes a lot less machinery. Their gross income is not as much, but they have more left over at the end of the year than the guy who had a gross income of \$12,000. That is the main thing.

Mr. McGuigan: I would caution you not to use those examples for your own safety—not physical safety but political safety—because in practical terms they are ridiculous.

Hon. Mr. Timbrell: Why?

Mr. McGuigan: Who is going to put in a bulk tank for four cows? Who is going to put in a bulk feed mill for four cows? Who is going to pick up the milk from four cows?

Hon. Mr. Timbrell: No, I will grant you that.

Mr. McGuigan: You can follow that right through; a two-acre orchard is a ridiculous orchard.

Hon. Mr. Timbrell: I grant you that, but to calculate those kinds of gross income figures, that is what you get them from.

Mr. McKessock: But you have to look at the realities of the farms we are talking about.

3:40 p.m.

Hon. Mr. Timbrell: There are milking herds as small as 15 to 20. At 20 milking cows, you are looking at a gross income of \$40,000.

Mr. McGuigan: But you broadly classify them—forgive me for saying this—as subsistence farms. They are taking a low level of production off a small acreage and that is the smartest thing they can do, the right thing for them to do, but they just do not generate the money. They are part of the food system.

These fellows are farmers and they are staying out of all the other social services and demands that would be required if they gave up their farm and moved into town. I think they are making a positive contribution to society.

Perhaps if you want to argue in terms of the environment, sustaining agriculture and long-term viability, those farms will be here long after some of the chemical farms are gone.

Mr. McKessock: Yes, that is true.

There is one other little short argument I want to make on what is a farmer. At the meeting we had in Grey, a past assessor said during his assessment years he used the figure of a \$3,000 gross income as being a farmer. Here is the Ministry of Revenue using a figure of \$3,000 and then the Ministry of Agriculture and Food within the same government is using \$12,000, if indeed we are going to use \$12,000. I do not think we should have these discrepancies as to what a farmer is.

Hon. Mr. Timbrell: I do not think that is the Ministry of Revenue's policy.

Mr. McKessock: That night the ministry kind of downplayed that and said maybe the assessor used that on his own. In reality, that is what was being used.

Hon. Mr. Timbrell: I suspect it was someone who was an assessor prior to the rationalization of the assessment system.

Mr. McKessock: He has just been out of the system a couple of years.

Hon. Mr. Timbrell: I am told that at the meeting where he made that statement someone from Revenue Canada got up and shot him down.

Mr. McKessock: Revenue Ontario.

Hon. Mr. Timbrell: Was it Revenue Ontario or Canada?

Mrs. Bardecki: Our ministry.

Hon. Mr. Timbrell: It must be someone who was doing assessment work prior to the rationalization of the assessment system, beginning in 1970.

Mr. McKessock: He has only been out of this a very short time.

Anyway, my point is he was saying that was what he used, and maybe someone else used some other rule of thumb, but they were all coming up with the same thing as to what was going to be assessed as a farm and what was going to be assessed as residential and recreational. It appeared as if that was about the level that Revenue was taking. Whether they admit it or not, it appeared to be the level they were taking, because that was definitely the level one assessor was using.

Mr. Swart: To put this in perspective, do you have figures now that you can provide for us that will show the additional cost between \$8,000 and \$12,000 under the new system, under the new program? Is that what you referred to as the \$9 million?

Hon. Mr. Timbrell: The rough estimate, the upside figure, I am told, is something in the order of \$9 million.

Mr. Swart: Is that under the new program or under the existing program?

Hon. Mr. Timbrell: The new.

Mr. Swart: What is it under the existing program?

Hon. Mr. Timbrell: If we kept the existing program and went to \$12,000?

Mr. Swart: Yes. At the present time, under the existing program, what would be the difference in cost to your ministry between the \$8,000 and \$12,000?

Hon. Mr. Timbrell: I do not think we have costed that out. It would be less than what we are going to spend this year.

Mr. Swart: Probably all of the arguments have been made. Would you consider leaving it at the \$8,000 rather than going to the \$12,000 under the present economic circumstances?

Hon. Mr. Timbrell: I am taking all reasonable—

Mr. Chairman: Is that \$6,000 in northern Ontario and \$8,000 for the rest?

Hon. Mr. Timbrell: Yes.

Mr. Chairman: I did not hear. I was not quite sure.

Mr. McGuigan: I have been arguing this since 1974 when the Blair report came out and touched this off.

Hon. Mr. Timbrell: The Blair report was 1977 or 1978, because he was mayor of my municipality in 1976.

Mr. McGuigan: I have been around this argument since I was on the Ontario Federation of Agriculture executive in 1973. They put forward a proposal at one time of 90 per cent. We are dealing with a very emotional subject.

Hon. Mr. Timbrell: That is right.

Mr. McGuigan: One of the things that I have gathered to be behind the opposition to this program really goes back, I guess, to the 1930s when, because of the economic conditions, there were times when people could not pay their taxes. They were allowed to get three years behind before the municipality seized the farm.

Mr. Swart: Still do.

Hon. Mr. Timbrell: Yes; it is still three years.

Mr. McGuigan: There are not many farmers today who do not pay their taxes, but it was a pretty common thing back then to at least go the three years; they would always be three years behind. Even if you lost the farm, if they sold it on you, you still have a year to go back and claim the farm.

Hon. Mr. Timbrell: That is right; that is still the case.

Mr. McGuigan: It has established in a great many people's minds that as long as you paid your taxes you owned your land. I know that feeling is out there.

Mr. McKessock: You were a good farmer if

you paid your taxes and you kept a roof on your barn.

Hon. Mr. Timbrell: And your fences were up.

Mr. Swart: Your line fences—

Mr. McGuigan: I think there is another area that you are not explaining as well as it should be explained, and I realize it is hard to do. As far as I am concerned, as a farmer personally, my only concern is whose name is in the registry office.

Hon. Mr. Timbrell: It would be yours.

Mr. McGuigan: If it is my name in the registry office, lawyers or anyone in the world can make all the damned ridiculous claims they want to—

Hon. Mr. Timbrell: But it is your land.

Mr. McGuigan: —but it is my land and they are not going to come on it, if I want to go to the very extreme. It is my land because I am registered. No one talks about that point.

Hon. Mr. Timbrell: That is a good point. I have made that point; in addition to saying that the tax notice—I have gone into counties where people have said, "How are the municipalities going to make up for this lost revenue?"

I have said: "The municipalities are not going to lose a nickel, because the assessment notice is going to come to you; the tax bill is going to come to you; you are going to make out the cheques or you are going to take the cash in to the township office, the clerk-treasurer. You are going to get the receipt; you are going to get the application form from the tax rebate program, and you are going to fill it out and send it in, if you so choose."

Mr. McGuigan: You are dealing with an emotional item and it is hard.

As far as my own county is concerned, I am not hearing a great deal from them against this, although at a meeting I attended where Darcy McKeough was explaining it to the farmers, they turned him down flat.

Hon. Mr. Timbrell: At that time I think Darcy was—

Mr. McGuigan: That was the 90 per cent.

Hon. Mr. Timbrell: Was that the 90 per cent or was that the exemption proposal?

Mr. McGuigan: I think it was the 90.

Hon. Mr. Timbrell: Yes, I am sure.

Mr. McGuigan: They turned him down flat, and I was very surprised.

Interjections.

Hon. Mr. Timbrell: I am reminded that also included market value. That was a combined market value reassessment at 90 per cent.

Mr. McKessock: Mr. Chairman, is it time to get into soil erosion?

Mr. McGuigan: Wait until I finish here, Bob.

These items could benefit from a bit more explaining. You just mentioned that you are not going to plunge ahead with this even if people do not want it. You might get a lot of those people who now are reassessing their original position and, when they find it is not being imposed upon them will be going back and reassessing their second position. A fair number of people think this is being imposed upon them.

There are a couple of technical items that—

Hon. Mr. Timbrell: Can I just say that even if we proceed with this, the people are still convinced that their property rights are intact at 50 per cent of their total taxes? There is nothing to stop them—someone correct me if I am wrong—from filing an application for something less than the total amount to which they are entitled.

Mr. McGuigan: Yes, but if their neighbour is getting 100 per cent—

Hon. Mr. Timbrell: Oh, well, there is nothing to stop them, because their neighbour may not be applying at all.

Mr. McGuigan: There is another argument that I think should be made. That is that in the international competitive picture we have to be competitive with what farmers are doing in other places.

I am not that familiar with the United States system, but certainly in Britain they are not paying education taxes on their land; they go scot-free.

Hon. Mr. Timbrell: Correct me if I am wrong, I think in Britain the farm land and buildings are exempt.

Mr. McGuigan: Yes.

3:50 p.m.

Hon. Mr. Timbrell: In fact, there is a direct grant from Whitehall to the local councils that run the educational systems.

Mr. McGuigan: In any case, the farmer does not pay it. That argument should be forthcoming, because to me, as a farmer, when it comes to an individual input item—and let us talk about fertilizer—the actual cost of that fertilizer in the overall picture does not matter; there is always some farmer somewhere else in the world who can buy it cheaper than I can. What really counts is my relative position, not my actual—

Mr. McKessock: Do land owners in Britain

have to have a gross income to qualify for a tax exemption?

Mr. McGuigan: That I do not know.

There is one technical point: I remember in that earlier submission there were a number of people who were concerned about what they called heritage homes, say in the Guelph area. Some of them were beautiful limestone homes built 100 to 150 years ago, with oak panelling and so on.

They would be priced very high—and this is when we were talking market value assessment—in the free market because a city person would like to get that home. A farmer living in that home really could not afford to live in a home that was, say, a \$150,000 home. All he could actually generate from living on that farm would be a \$50,000 home, let us say. So they had an exemption for heritage homes in that proposal.

Hon. Mr. Timbrell: But in that particular case that home would not—let us say he was in Puslinch township. I am assuming that the assessment factors in Puslinch township are different from those in the city of Guelph, so he would not be assessed on the same basis as a similar home within the city boundaries. He would be assessed using the same factors applied to all other residences in Puslinch, so his home would be assessed in the same way as every other home in that municipality.

Mr. McGuigan: But he might fear even that is going to put him at a disadvantage.

Hon. Mr. Timbrell: Is Aberfoyle in Puslinch? Yes, it is.

The farm land on which the house sits will be assessed at half the rate as compared to land on which a comparable house would sit in Aberfoyle—which I think is probably in Puslinch township, as I say—by virtue of the fact it is on land which is designated and zoned as agricultural, as opposed to land in the village, which is zoned and designated as rural residential or residential, however they do it. So that, in fact—

Mr. McGuigan: So that is not much of a problem.

Hon. Mr. Timbrell: I do not think so. It would be the same as the area I come from, the Kingston area. There are a lot of similar homes out in the country.

Mr. McGuigan: I just thought I would throw in a little bit of rural sociology I picked up. The poor people, or people who see themselves as threatened, or who are living in parts of the province that are not as economically advantaged as other parts, cling to what they have far

more than a person who is in an area where things are better. I wonder if a lot of this fear is not coming from those situations.

Hon. Mr. Timbrell: I think in large measure it probably is. Believe me, it is not that different in the cities. When I was first an alderman in the city of North York I sat on the planning board as well. At first I was astonished at the philosophy of people who came in from ratepayers' groups from various parts of what is a fairly young city, to fight various development proposals, whether it was a high-rise or another subdivision or a plaza or road widening or whatever.

I guess it was on a visit home to Frontenac county, talking about something going on there, that it dawned on me that really the spirit is no different. I coined the phrase many years ago, as a result of that, that most of the people in Ontario either live in small towns or wish they did.

You can go through a huge metropolis like Metropolitan Toronto and people consider their neighbourhood. That is why David Crombie struck such a responsive chord in 1972 with his neighbourhoods policy. People in large or small urban areas treat their neighbourhood as their small town and they damned well do not want to see it changed. It is really no different.

Mr. McGuigan: The point is, whether it is rural sociology or whatever sociology, people in the lower economic bracket cling to what they have—

Hon. Mr. Timbrell: Yes.

Mr. McGuigan: —because that is all they have.

Hon. Mr. Timbrell: That is right.

Mr. Chairman: We do not have a lot of time. Maybe we should open up on anything left.

Mr. McKessock: Mr. Chairman, I would like to bring up the soil erosion program. I am sorry the staff who deal with this program just flew the coop. I will wait until I get the minister's attention.

Hon. Mr. Timbrell: I am sorry.

Mr. McKessock: Do we have anyone else here from the staff who has to do with the soil erosion control project?

I will plunge ahead anyway.

Mr. Chairman: Let me just find out where we are.

Mr. Swart, did you have anything else?

Mr. Swart: I do not have anything urgent.

Mr. Chairman: Okay, we will go to soil erosion.

Mr. McKessock: My concern over this soil erosion control project is category 1, which requires an engineer's report, drawings and so forth, and has to be supervised by an engineer. I agree there will be some projects where that should happen. My fear is that some that should not be under that category are falling into that category. It is going to cost more to do them than they are worth. A lot of farmers are not going to get involved for that reason.

Hon. Mr. Timbrell: Projects such as what?

Mr. McKessock: I am glad you asked, because I have made an application myself. There is a erosion problem alongside the lane going back to our farm. Water comes across a field and cuts into our lane. It has washed out to a depth of three or three and a half feet before it gets to the bottom. I had the engineer out to look at it and he said: "This is in category 1. You have to have an engineer's drawings on this and a report. It has to be supervised by an engineer."

There is no way I am going to get involved in that. I am going to do it myself. I learned enough from the engineer that morning that I feel I can do it myself. It will still be money in my pocket if I forget about the government program. My fear is that a lot of farmers will not do that. They will just back off and say: "It is not worth it. I will just let it go."

You informed me at the last meeting when we talked about this that the engineer certainly would come out on request. If he advised them how to do it as he did me, it would be better if he then let them proceed with the program if the problem is not, as I feel this one is not, severe enough for an engineer's report. I will just read you the letter I got back from the engineer:

"Your project proposal for a soil erosion control project has been reviewed as per our discussion June 3. Fencing of the stream on both sides to exclude cattle from the stream is an eligible project under category 2. Leaving a 30-foot area for cattle watering access is acceptable.

"Your proposal for fencing the stream has been forwarded for funding approval. Any project designed to control the gully problem along your lane would be a category 1 project and only eligible for financial assistance if designed and construction-supervised by an engineer. A separate project proposal form would be required for such a project."

I suppose the engineer's problem is to distinguish between one that has to be done by an engineer and one that does not. I feel they are going too low on these.

I think the best thing for me to do is to go ahead and do this and then invite you out to the farm to see what it looks like. Maybe some time you can change the program, because my theory is that a lot of farmers are just not going to get involved.

4 p.m.

When a farmer hires an engineer to do it, he probably does not know as much about it as the farmer who has lived on the land all his life and has a natural instinct for conservation and can do the job properly. I mentioned this to the production engineer. I asked: "What engineers are you talking about? They are not going to know as much about it as you are. How are they going to know?" He said, "I am going to teach them." Apparently they are thinking of setting up schools to teach the engineers how to look after these programs.

Here we are with an engineer getting a fast course on how to do it. He does not know the lay of the land or the farm, and he is going to tell the farmer how to do it. My feeling is, if the engineer is there and tells the farmer how to do it, the farmer is capable of doing it himself and should be given that chance and should be covered under the program.

Hon. Mr. Timbrell: If you look at the brochure for the erosion control program, under the first heading "eligible items" you will see category 1 and category 2. In category 1 it says the project must be designed and the construction must be supervised by an engineer, and then it lists chute spillways, drop-inlet spillways, gully erosion control, gabion basket structures and rip-rap lining, grassed waterways, construction of terraces, contours and diversions, lower level ditch and stream crossings, grade-controlled structures, all the more complicated types of projects.

Mr. McKessock: A lot of those are not that complicated.

Hon. Mr. Timbrell: Maybe they are not complicated, but they are the kinds of things that if not done properly, I am told, can lead to further problems, which is just a waste of time and money.

Mr. McKessock: They can be done by an engineer and turn out to be a waste of money too, but—

Hon. Mr. Timbrell: Then you have recourse back to the engineer.

Mr. McKessock: This is not that big a project.

Hon. Mr. Timbrell: It is like medicine; it is still called the practice of engineering. Some day we will get it right.

Under category 2, professional assistance is recommended but not mandatory. There we have windbreaks, such as Jack Riddell was looking at doing, catch basins, tile outlet protection, fencing of ditches and watercourses, alternative livestock watering devices near watercourses to avoid erosion and pollution, seeding and sodding ditch banks, and ditch buffer strips. It then goes on to say that consideration will also be given to any other plans, devices or land reshaping designed to minimize soil erosion, which is a sort of catch-all to cover whatever is not listed there.

Mr. McKessock: Probably mine and several others would fit under that.

Hon. Mr. Timbrell: You are there, and the engineer's responsibility is to make a judgement call as to whether it is so technical that it is, if done wrongly or improperly, potentially counterproductive. Is it category 1, or is it something that could be done under category 2? So he has to make a judgement call.

I remind you that, going on from there, under the second heading "eligible costs," engineering fees for design and supervision of construction, labour, permits and purchases of materials are all listed as "eligible costs." This is not a make-work project for the engineers, let me say that.

Mr. McKessock: That is what it will turn out to be.

Hon. Mr. Timbrell: Do you really want people building gabion basket structures and rip-rap lining who have never done it before; never designed, let alone constructed, it before?

Mr. McKessock: If you are going to get into that, I agree, some of it has to be done by an engineer.

Hon. Mr. Timbrell: Basically, someone is responsible for making a judgement call and asking: "With all due respect, does this guy know what he is doing? Has he ever done it before? Is there any possibility that, without proper engineering supervision, it could be counterproductive?"

If the answers to those questions come up yes, then he says this one has to be done with an engineer's involvement and we will cover the cost.

Mr. McKessock: Half the cost.

Hon. Mr. Timbrell: Yes. This is a protection really for the farmer. It is likely then to be done

properly and not rebound on the farmer and everyone involved.

Mr. McKessock: Half the cost up to how many dollars?

Hon. Mr. Timbrell: Up to \$7,500.

Mr. McKessock: My fear is that the cost might get way out of line. This scares the farmer right from the start. By the time he pays engineers, his costs may even go over \$15,000 and he is tempted not to touch it, whereas if he looks at the project he may say, "I can do it myself, maybe for \$4,000 or \$5,000."

Hon. Mr. Timbrell: I know if it were I, I would get an estimate first, including fees.

Mr. McKessock: That is another problem. You have to have an engineer's report on it before you even know whether you are going to get it approved or not. In fact, I think you have to have the job finished before you really have final approval of whether you get your grant or not.

Hon. Mr. Timbrell: You have to file a notice of intent. John, could you sort of walk through the mechanics of the program?

Mr. Galloway: Of how they apply for this program?

Hon. Mr. Timbrell: Yes, and the whole concept.

Mr. McKessock: How do you apply? When is it approved for grants—when you apply or when the job is finished?

Mr. Galloway: You apply for the grant after the job is finished and after it is inspected.

Mr. McKessock: Yes. You see, there you are. If you get your engineer's fees and run up a great big bill and then find out it is not approved, you are really in trouble.

Mr. Galloway: I do not understand that.

Mr. McKessock: My fear is that the farmer—

Mr. Galloway: You send in an application and you get an approval if you do this work under an engineer's report.

Mr. McKessock: Okay. Then if the job is finished and it is not approved, the farmer is stuck with the bill.

Mr. Galloway: The plan is approved; the condition was that it was done under an engineer's report; then when it comes back in and has been approved, if it is done under the report it comes in for payment of the grant.

Mr. McKessock: So you are saying that there is no fear of not having it approved if you have done by an engineer.

Mr. Galloway: If you have had your application for grant in and the condition was that it be done under an engineer's report and you have done that, then you should just get the grant.

Mr. McGuigan: The engineer will not draw the plans if you hired workmen who came in and did the job and did not qualify.

Mr. Galloway: Unless it was requested to have been under supervision.

Mr. McKessock: It says that it is to be supervised by an engineer.

Mr. Galloway: Yes, generally a contractor who would be an engineer as well.

Mr. McGuigan: So if it is not approved, then he is not going to have his licence very long, is he?

Hon. Mr. Timbrell: Not very likely.

Mr. Galloway: Or he has to come back and make it right. We are just checking to make sure the work was done adequately by the engineer. If it has not been done adequately, then we will get him back or the farmer should get him back and make sure it is done adequately before the grant is paid. I am sure he is not going to get his money until the grant is paid.

Mr. McLean: I have just a supplementary to that, Mr. Chairman. I think this is one area farmers get all heated up about. Most of these jobs, 90 per cent, could be done by the farmer; the farmer knows better what to do. In my place I go ahead and get a backhoe in or I do whatever work I want done. I have it done in a day and go on and do something else and make some money. Most of them are wasting their time by fiddling around figuring out how they can get some free money. By the time they fool around trying to find a way to do it, it costs them more or what they get in the end than if they had gone ahead and done it, paid for it and forgotten about it.

Mr. Galloway: I think the experience of the engineers and our reports from the Ontario Institute of Pedology have shown that although there may be some farmers like the member for Simcoe East (Mr. McLean) who can do it adequately, in the majority of cases the work was not done adequately and that is why we are having the losses.

Mr. McKessock: Have you got figures on that saying that the majority are not done adequately?

Hon. Mr. Timbrell: Look at the institute of pedology report, which we prepared and released four months ago. The people there will tell you themselves. I think they said 75 per cent of the

soil erosion and soil conservation problems we are experiencing on the farms of Ontario today could be corrected by the farmers themselves.

Mr. McKessock: That is what we are saying.

Hon. Mr. Timbrell: But they are also saying they are not doing it. They are saying we are losing \$75 million a year.

Mr. McKessock: Okay. I am saying I think this program, if you are not careful where you say that an engineer has to come in, is further going to discourage the farmer, because I do not think he is going to get involved with the engineer.

Hon. Mr. Timbrell: Pardon me. It is the first year of a five-year program.

Mr. McKessock: The grant is to give him some incentive to do the work?

Hon. Mr. Timbrell: Yes.

Mr. McKessock: If he feels he is not going to get involved, then the incentive is gone. I am saying you have to be careful when you bring in an engineer or when you say to the farmer, "You are not capable of doing this job. You have to have an engineer to do it." I think the farmer should be able to make that judgement himself after talking to the agricultural engineer. If the farmer says, "I can do it," I would think—
4:10 p.m.

Hon. Mr. Timbrell: I will go back to the example that I asked the member about before of a gabion basket structure.

Mr. McKessock: I am not talking about that.

Hon. Mr. Timbrell: I know, but if we follow the general reasoning of what the member just said, and the farmer says, "No, I can do that. My neighbour knows how to do that. I watched a guy do it last year out by the highway. That is easy enough"—

Mr. McKessock: Well, he probably can then.

Hon. Mr. Timbrell: —and you say, "All right, then do not get an engineer"; then our inspector goes in and says, "This is a crock. This thing is not going to stand. It is going to collapse this way or that; it is not properly anchored. No grant," how much of a favour have you done the guy?

Mr. McKessock: I guess that is your decision. I would sooner do it that way than have him not participate at all. Maybe you would have come back the next year and said, "Well, I guess I was wrong. The thing is still here and it is okay, so here is your money."

Hon. Mr. Timbrell: And the day after he gets a cheque it collapses.

Interjections.

Hon. Mr. Timbrell: No, really. It is intended to assist the farmer, and there are some things that—

Mr. McKessock: My point is that the farmer may not use it if you bring in that engineer too soon. I can agree that if you are getting into that gabion basket, anything that is that bad—

Mr. McLean: The conservation authority would tell you that.

Mr. McGuigan: I am very interested in the figures the minister was reading off that something like—if I can just be rough in my figures—about two thirds of it was for manure storage and the other third was for erosion controls. Practically all of that was for various structures such as the gabion baskets, the drop centres with the means whereby you put water down in the ditch without washing the ditch bank out.

Hon. Mr. Timbrell: The drop inlets.

Mr. McGuigan: Drop inlets. I am not talking about how you deal with a gully. In every case we are dealing with the symptoms; we are not dealing with the disease. When the minister spoke about the pedologists saying the farmers could correct all the trouble, if that is correct—

Hon. Mr. Timbrell: Not all of them. That would cause us lots of trouble.

Mr. McGuigan: That is correct. But they are talking about doing that in the fields, stopping that water where it falls and is absorbed into the soil or slowly moved down the slope. That is where the real difficulty of this whole doggone thing is. I am very sorry to see the program, at least in its initial stages, all going to those two directions: manure storage and the construction of engineering facilities to take care of gullies, ditches and outlets.

Hon. Mr. Timbrell: But that is not all; you get—

Mr. McGuigan: Most of it does. What we really need is contours to stop this water from moving, as the member has mentioned, and to do contours you have to bring in an engineer, or at least somebody who can use a land level and lay out decent areas that can be worked properly.

You have strip cropping, wherein you have a hay crop and then a strip of cash crops, cultivated crops, and you may have a diversion ditch or terraces, that sort of thing, which catches the rain and moves it gently down the slope so that instead of hitting the ditch five minutes after it falls from the sky, it does not hit the ditch for

several hours after it has rained, and it goes at a slow rate.

In order to do that you have to move into areas such as they have in the United States. I am not saying they are perfect by any means, because pedologists down there will tell you there is more soil erosion today in the United States than there was back in the 1930s, when they brought in the soil conservation service and set up soil conservation districts. These have authority somewhat the same as the tile drainage program, whereby you set up a drainage area, everybody contributes to the cost of that drainage area and you actually have the authority to put a tile through someone's farm, whether he really wants it or not.

I am suggesting we need a system of carrots and sticks to encourage that sort of thing as part of the program and on an experimental small basis. I realize full well, as you do, that there are politics involved with this thing and you just cannot go rushing up to people and say, "You shall do this," and "You shall do that." It does not work. It is counterproductive.

In the specific case of the Rondeau watershed, where there is a very serious problem and where there is a fair amount of agreement gradually developing among those people, it seems to me you could offer them some carrots. This way, where a group of peoples agree to form a soil conservation district—in the United States I think it is 25 people; you would not have to pick 25, you could pick 12 or 15 or whatever, because it is a much smaller watershed—you could up the ante, let us say to 60 or 75 per cent.

In fact, I think if you really wanted to go the full way you would say, "If 100 per cent of the farmers go into it, we will pay 100 per cent of the cost, or if 75 per cent go into it, we will pay 75 per cent of the cost." Not that you would want to carry that program all across Ontario, but I think that as a small designated watershed, to get things moving and to demonstrate the value of these systems, we could perhaps be talking about it again.

I am not asking you to walk into the farms in the fall and say, "Pass this law for a soil conservation district." But if we are ever going to get to the root of this problem and save \$75 million worth of soil and save the destruction of our waterways, we have to get to the point where, when that drop of water hits that land, it is generally held there.

Look at the floods experienced in the United States this year. It has reached the point now in Ontario that almost every year the Grand River

floods. The Thames River floods every two or three years. We all say it is because of exceptional weather conditions or whatever.

It is beginning to be very common because the land is so well drained; the pastures are gone and it is all in cash crops. In just a matter of hours, that water is right into the main river and it cannot handle it.

Mr. McLean: You are taking away my property rights to do that.

Mr. McKessock: They're taking away your property otherwise.

Mr. McGuigan: You accept the Drainage Act.

Mr. McLean: There is a case right in my place where I have tile drainage in and they have to go through the neighbour's property and back into my place again. If that neighbour does not want me to put tile through his property, I cannot do it. If he does not want it and I want to do it, I cannot do it. But if you have legislation to do that, you are taking away that fellow's property rights to put that tile in there.

Mr. McKessock: You have not got a municipal drain.

Mr. McLean: We have in the municipality, but not at my place.

Mr. McGuigan: If a number of people sign a petition, as I understand the Drainage Act—

Mr. McLean: I have been all through those several times. You just try to get an engineer to do the whole thing and get them to agree to it; you have a problem.

Mr. McGuigan: Probably it is different where you live from where I live.

I tell you this program of just treating the symptoms is not going to do the job. I think all here are concerned and want to do the job. I wrote to you earlier about coming down to southwestern Ontario. I saw something this year that is new for me. As the frost was coming out of the ground, and there was a lot of rain in the spring—and Kent county land is not absolutely flat; there is not much difference to them but every field has a little roll to it—the knolls were all slick.

4:20 p.m.

I think I could best describe it as what a mud puddle looks like when geese or ducks have been trampling in it. It is all puddled. Out in the fields the high spots all looked that way because the topsoil is gone on those high spots. Logically you would expect to find the lower spots experiencing this problem, but it is on the high

spots where you are getting that. The topsoil is gone. That is on relatively flat land.

I think we have a very bad crop situation in our part of the country this year because of the weather. We did not have frost during the winter, so it did not break up the clay soil. Then we had the rain. People had whole trailer loads of tomato plants from the south worth thousands of dollars. There are only so many days before they are all rotten and cannot be used. Some of these people have 100 or 200 acres, so they planted them. They are telling me now that in some fields up to a third of them are dead because they planted them in soil that really was not ready for it, in soil that had lost its tilth. When that tilth is gone, you cannot restore it.

People planted beans and the words they use to describe the soil now is a "bunch of marbles." They are just crying for rain, whereas two weeks ago they were crying for the rain to stop. Today they are crying for the rain to come to get these beans started. The critical thing is not so much sprouting them; it is finding hospitable soil after they sprout to get the roots set in. If they do not find that, they are not going to have 50 bushels of beans there in the fall.

That is kind of another subject, but it all hinges on the fact that we are not treating our soil as we should treat it. We have to get back to some basic good farming.

Hon. Mr. Timbrell: I was just saying to Dr. Benson here that maybe we should take a look at your suggestion on the Rondeau watershed to see if there is not something that might be done on a trial basis, special project basis or whatever you want to call it. This is something I personally think has to be a high priority from here on.

In the film I saw the other day, which was four or five years old, I was shocked to hear the statement that in the last 100 years we have lost half of our topsoil.

Mr. McKessock: Is that the one we showed a couple of years ago?

Mr. Swart: Yes, I saw that.

Mr. McGuigan: As just one final comment, I would not be surprised, when you go through with such a thing, if someone like Allan McLean jumps up and says, "You are taking away my property rights." I would not be surprised to have that at all. We have to expect to face some of those things. At least we have to take a little bit of initiative and a few chances to try to get such a program going.

Hon. Mr. Timbrell: As you say, if you get an area where all the property owners are sufficiently

concerned they are prepared to work together, and if you get enough projects in place over a period of time that show what can be done, then I would think the main reason your neighbour would object, Al, would be because he could not see there was anything in it for him.

Mr. McLean: That is right.

Hon. Mr. Timbrell: You must have enough examples of individual group projects that show what can be done. Certainly a big part of what we are doing with this new program is educational.

Mr. McGuigan: It has to be.

Hon. Mr. Timbrell: Through the soil and crop improvement associations, through the county federations, through 4-H clubs, wherever we can, we are showing and telling people what can be done, what the benefit is in the short term and medium and longer terms. It will just grow exponentially.

Mr. McGuigan: One of the things I pointed out to you in the letter was that under the individual system there is a great fear on the part of the person who is downstream. He says, "Why should I spend a lot of money correcting my problems when at the first rainstorm it is all going to deluge down on me from the higher ground?" That is a very valid concern.

You wrote back, and I think you have more intelligence than was in that answer. I am going to ascribe it to someone else.

Hon. Mr. Timbrell: I may, too, depending on what you say.

Mr. McGuigan: You said you have to start at the bottom of the stream and keep working your way up. Of course, the people at the top are not going to be concerned because all their problems go down on the other fellow. The only way you can do it is from top to bottom, as you do in drainage. The fellow at the top cannot say, "I am just going to spill my water down on the other fellow."

Mr. Swart: I just want a few minutes on that. I concur totally with what the member for Kent-Elgin (Mr. McGuigan) has been saying. There has been to a very substantial degree, I think, a move backwards with regard to soil conservation the years.

I can recall the time when contour ploughing, when crop rotation, when preservation of our forests were major issues in the counties and in the rural communities. When there has been more cash crop farming, we have moved away from that. I read the same report as you did, I guess, about having lost half our topsoil. I think

what I read about was in the western provinces. Half the topsoil is gone in the 60 years or so it has been intensely farmed.

I think there has to be, as you have said, a high priority given to this. It is not going to be easy because of the sentiments you expressed of property rights, and perhaps even more because it is something that pays dividends down the road. Politicians get votes for what they do today, not for taking measures that have costs and impose restrictions on people, impose regulations for something that is going to benefit people 10 or 20 years down the road.

It is difficult to implement, whether it is planning or soil conservation or the preservation of our prime agricultural land. They are all very real issues and they are all really fundamental issues for the future. I think what Jim has said puts the whole thing in perspective.

I certainly would support any pilot projects, soil conservation areas or whatever form they would take, to give an indication of what can be done. If we can start it in an area where we can get general agreement from the farmers in that area, it may spread. Who knows? It is not going to be easy, but it is absolutely necessary for it to be done.

Mr. McLean: What you are saying has not been the fault of the government. The problem has been with the farmers. For the last few years this has been the top priority for conservation authorities in Ontario, and I sat on one for 16 years, to try to control the erosion problem that is going on in the province. Farmers are making the problem themselves. They are taking out fence rows. They are taking out everything. How is the government going to turn around and change the way the farmer is farming?

Mr. Swart: By a carrot on a stick. As has been said, the issue is important enough that it has to be done. Governments are the ones that have the authority.

Mr. McLean: Conservation authorities are doing just that.

Mr. McGuigan: This is a critical item. Farmers, since the early 1900s, have looked to the Ministry of Agriculture and Food for advice. We have heard a lot here today about opposition to the new program you have for your ag reps because there was that closeness between the ag rep and the farmer. They talked over the fence and suddenly, as far as conservation is concerned, you have a guy wearing blue jeans and a long beard coming along from the conservation authority and telling the farmer how to

farm. You have got to have this conservation in the Ministry of Agriculture and Food.

I know there are fine people in the conservation groups and they are trying to do their best, but they are dealing with the river. They deal with it after the damned thing has got to the river. The problem is back there on the farm and it is the Ministry of Agriculture and Food and the ag reps—

Hon. Mr. Timbrell: The Minister of Natural Resources (Mr. Pope) and I recognize that. We have been trying to work out ways of allowing both of our ministry personnel to carry out their mandates. One might look at some drainage proposals. That Mariposa drain, for instance, pitted agriculture and resources head to head. The naturalists and the rod and gun clubs had a certain point of view and the farmers had another. It highlighted a need for the two ministries to better co-ordinate their planning, review and approval procedures, and we are working on that. This is another example.

Mr. J. M. Johnson: Mr. Chairman, before we adjourn I would like to mention to the minister that we have had some discussion today on property rights. Many of the members on the committee today helped draft the legislation that was passed, the petty trespass legislation, the first improvement in 100 years. I think we should take a look at that because it answers a

lot of the questions raised on the value of property rights and the farmer's right to his own land. I think we have an excellent piece of legislation and we should maybe make sure that the farming community really understands it.

Mr. McGuigan: A good point.

Mr. McKessock: Mr. Chairman, we are talking about conservation. John Deere is a little concerned that we go overboard on this conservation. It lists four brief principles and guidelines. First, the bulk of soil conservation efforts should be targeted at major problem areas; second, laws and regulations relating to erosion control should address results desired rather than methods used to obtain results; third, erosion control packages should be aimed at solving specific problems at specific sites, and fourth, local citizens are often best equipped to decide the degree and method of erosion control to be used in their areas.

Maybe this last one relates to what I was saying about the erosion control program, that the farmers are often the best-equipped to know what to do.

Vote 1904 agreed to.

Mr. Chairman: This concludes the estimates of the Ministry of Agriculture and Food.

The committee adjourned at 4:32 p.m.

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- McKessock, R. (Grey L)
- McLean, A. K. (Simcoe East PC)
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From the Ministry of Agriculture and Food:

- Bardecki, N., Director, Farm Assistance Programs Branch
- Galloway, J., Policy Adviser, Strategic Planning Branch
- Knox, K., Director, Rural Organizations and Services Branch



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Office of the Assembly

Third Session, 32nd Parliament

Wednesday, October 19, 1983
Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, October 19, 1983

The committee met at 10:04 a.m. in committee room 1.

ESTIMATES, OFFICE OF THE ASSEMBLY

Mr. Chairman: I see a quorum. I think we should start the estimates of the Office of the Assembly.

There is one thing I would like to bring up before we get going. The elections commissioner and the chief election officer are unable to be here this morning, and I was wondering if, with the co-operation of the committee, it would be okay if they came here at two o'clock this afternoon.

Agreed to.

On vote 1001, Office of the Assembly program; item 1, Office of the Speaker:

Mr. Speaker: Mr. Chairman, I am at the pleasure of the committee.

Mr. Kells: You do not have anything to read?

Mr. Speaker: No, I do not, really. I am rather quiet and modest, as you know.

Mr. Kells: I know. You perform on off days.

Mr. Chairman: There is no opening statement. Mr. Boudria.

Mr. Boudria: Mr. Chairman, may I ask a few questions? I do not know if any of my colleagues have an opening statement. I certainly do not have one. I just had a few things I wanted more information on and I came to the committee this morning in order to do that.

Mr. Chairman: For your information, in other years there were three hours on estimates in the Office of the Assembly and this year it has been increased to five. We do not have to use the five if we can do it in less.

Mr. Boudria: I do not think I would like to decide at this point. Some of my colleagues would find it rather presumptuous if we did that.

Mr. Stokes: I see all the fumbling over there. If you have nothing to say do not say it.

Mr. Boudria: There are really two matters I wanted to bring to the attention of the Speaker. The first one is a matter I wrote to you about a short while ago. Of course, I do not expect to receive an answer yet because it involves the

Board of Internal Economy, but I would like to go on record regarding this matter.

At present, members' expenditures are accounted for at one period in the year. We table in the Legislature just how expensive or inexpensive each honourable member is. Translation services offered to members are accepted as an expense in that list. The translation, of course, is done by the government for the member, so it is not a direct expenditure as such but rather a transfer of funds from one department to another.

As one of the not-too-numerous French-speaking members of the Legislature, I want to reiterate what I suggested in my letter, that the system of charging the member for the translation is certainly—perhaps “outmoded” would be a good way to describe it. If we are ever going to move in the direction of having the French language in this province recognized as a right rather than a privilege, surely one way of achieving it is that this practice should not apply to the very few French-speaking members here.

We should not be earmarked for providing French services to constituents on a dollar basis, especially when it does not involve a direct expenditure as such.

I drew a parallel in the letter I sent and I wanted to bring it to the attention of the committee. If, for instance, a Toronto member should request a little larger office because of the many constituents coming to see him or her about many problems, sometimes we will accommodate that member. We give him or her a little bigger office because that member is a very busy person.

Of course, when the expenses appear at the end of the year there is no line there saying, “X number of square feet extra for X member because of special circumstances and therefore this member is more expensive than another.” In much the same way, I think the special constituency I have the privilege and honour to represent does require that special service of translation. It is a service that is not guaranteed in very many statutes—or the Constitution, yet—but certainly it is guaranteed in the standing orders of our Legislature. Members can address the House and presumably function in both official languages.

I just wanted to bring that to everyone's attention this morning. I do not expect an immediate answer because I am sure the Board of Internal Economy has not had much time to consider it yet. I thought it would be good for me to re-emphasize that wish.

10:10 a.m.

Mr. J. M. Johnson: Mr. Chairman, can I ask Don a question? How much did you spend last year on translations?

Mr. Boudria: Close to \$9,000, I think.

Mr. J. M. Johnson: You are simply saying that you prefer not to see it charged against your personal account.

Mr. Boudria: That's correct. That is basically the thrust of it.

Mr. J. M. Johnson: Do any other members use that service?

Mr. Speaker: Yes, a lot of members do.

Mr. Boudria: I think my account was larger than everybody else's combined.

Mr. J. M. Johnson: It is a reasonably good question.

Mr. Boudria: Thank you.

Mr. Chairman: Any other comments?

Mr. Stokes: Mr. Chairman, I would like—

Mr. Speaker: I do have a response to that.

Mr. Chairman: Just a minute. The Speaker has a response.

Mr. Speaker: Are you going to speak on the same subject?

Mr. Stokes: No.

Mr. Speaker: This is a matter that the member's House leader has written to me about, and I did reply. With your permission, I will just read this response.

"First, with respect to Mr. Boudria's concern regarding the cost of translation services, I feel that the present method of accounting should continue.

"The amount of money spent by an individual member on a particular expense varies considerably depending on a wide variety of circumstances. As an example, the travel costs of a member in the north are considerably more than, say, a member from Durham. However, all travel costs are listed in the expenditure report. Similarly, the telephone costs of members whose constituencies are served by the intercity phone network are less than members who must call long distance.

"The expenditure report lists all costs associated with each member, and I do not feel that I

can make an exception with respect to translation services."

There is no limit on translation services; you are not inhibited in any way from using them. But it is a service that we have to pay for—that we have to buy, actually—so it has to appear someplace; we cannot ignore the fact that it exists.

I think, if I may say so, you are feeling a little self-conscious about the fact that you do use it. In your particular case I would view it, perhaps, with a sense of pride that you are able to serve your constituents to that degree, and I frankly do not see any criticism of it. It is just an accounting entry, really; this is what I am trying to say. It does not mean anything.

Mr. Boudria: Sometimes it is important to recognize things not only for what they are but for how they are perceived—

Mr. Speaker: Yes, I realize that.

Mr. Boudria: —and the perception is certainly out there that this is two things. First of all, it is perceived as a direct expenditure on behalf of the member; and it is an indirect one, as you have outlined. The other one, which perhaps is more fundamental, is this whole business of starting to provide this service in a way that is not recognized as being a "special privilege."

Mr. Speaker: No, I do not think it is.

Mr. Boudria: I just thought it would go some way towards achieving that. I recognize, of course, that nobody has ever said, "Look, you have to tone down on some of your translation because this is getting to be quite expensive." That has never been brought up and I am not suggesting that any honourable member, or my leader or my House leader, or you, sir, or any of your officials have ever suggested that; it would be incorrect to say that. Nevertheless, it is just the way I felt about this particular thing.

Mr. Speaker: Sure.

Mr. Boudria: If I can draw another parallel when I speak in French in the Legislature, as also happens relatively often in comparison to my colleagues—perhaps not as often as my constituents think I should, but more than some of my colleagues—I understand that you have to obtain a consultant from outside in order to do the transcribing and that involves an extra cost to the Legislature. It is interesting to note that this extra cost is not charged against me; it is charged directly—

Mr. Speaker: To the assembly.

Mr. Boudria: —to the assembly, while the other translation cost, which again is a special service that I use, is charged against me. You can see the difficulty in trying to identify why one is and one is not.

Mr. Speaker: Just as evidence, the office does produce expenses for all members once a year as you have said. If you were to take a look at printing, stationery, mailing and indeed long-distance telephone, you can pick out many examples that are as high as or higher than your translation services. It is just a matter of an accounting of services provided to individual members. It certainly does not have any negative connotation. It is not meant to centre you out as opposed to me, as an example, in any way, shape or form. It is strictly an accounting procedure.

Mr. Martel: I tried—

Mr. Chairman: Just a minute, Mr. Martel; there is one thing I would like to clear up here. I see a lot of members here who are not members of the committee, and I would like to know that we have the approval of the committee for them to participate. Is that agreeable?

Mr. Stokes: When was that ever required?

Mr. Martel: When was this—

Mr. Chairman: I have been informed by the Clerk it is one of the rules of the Legislature that—

Mr. Stokes: Where did he get that?

Mr. Chairman: —it can be approved either by committee or by approval of the chair.

Mr. Stokes: Any member of the House can participate in estimates. If you are talking about coming to a vote, I do not think we are going to be voting on anything. Any member of this House has the right to participate in any set of estimates as long as he is recognized by the chair as a member of the House.

Mr. Chairman: That is right, or approved by the committee.

Mr. Martel: No.

Mr. Chairman: I have no objection to it.

Mr. Martel: No approval by the committee is necessary.

Mr. Eakins: Only for voting purposes.

Clerk of the House: Strictly speaking, yes.

Mr. Martel: Where? Show me the rule?

Mr. Speaker: Just a minute. We are getting—

Mr. Martel: We are getting into a quagmire.

Mr. Chairman: As chairman, I have no objection.

Mr. Stokes: Then why did you raise it?

Mr. Chairman: Just as a point of information.

Mr. Martel: Mr. Chairman, I want to go back to what my friend raised, because there is a whole list of expenditures that never show up on that list of expenditures. If Mr. Speaker wants to look, he will find that postage does not show for some, transportation, translation services—there is a whole series of things that do not show up.

As I said to you just the other day, Mr. Speaker, and as I said earlier this spring when the member for Quinte (Mr. O'Neil) raised the matter, we are going to have to resolve this one way or the other. I for one do not intend, if I can help it, to see that list published next year in its present form. I do not intend to see cabinet ministers with their expenses totally excluded, or in many cases excluded, and then have other members shown as having their expenses leading the pack.

That is what is happens and that is what the press does to one. The press then takes the member with the highest expenditure, who happens to be a back-bencher, and he gets the hell kicked out of him when his expenses might not be nearly as high as those encountered by a cabinet minister who has to travel. I am not saying he should not do it. I am saying under its present form, the way we present those things is totally inadequate now.

The press never bothers to phone any of the members involved to sort out their differences, such as whether they have a big or small riding. They just print it and they clobber the hell out of a member. What is most unfair about it is, I do not think there is a back-bencher who has expenditures any higher than any cabinet minister, because of the frequency with which cabinet ministers have to travel.

I am saying the whole thing is unfair and I agree with Mr. Boudria. Why should his show up as leading the pack when somebody else who perhaps gets a lot more service does not show up as spending a cent? You will notice in there some cabinet ministers do not have one cent of postage. That is totally unacceptable to me. I do not think it can be printed in that fashion in future unless everyone is there.

I am prepared to have every expense I have made shown on that list providing everybody else in the assembly is in there. That makes 125 of us. I am not prepared to see a list come out

that way come this spring unless all the blanks are filled in.

Mr. Speaker: That is an interesting observation. You have mentioned it to me and others have mentioned it from time to time. However, I think there is rather a fine line and to some degree you are comparing apples with oranges. This document shows the expenses of members of the assembly.

Mr. Stokes: No, it does not.

Mr. Speaker: With all respect, it does.

Mr. Stokes: Some members.

Mr. Speaker: All members that we have a record of. If you are going to ask the government to show the expenditures of government, that is a completely separate and different matter.

10:20 a.m.

Mr. Martel: Who pays their office rental?

Mr. Speaker: I have no idea because, as you may recall—

Mr. Martel: Then you can't make that statement.

Mr. Speaker:—we have a separation between the assembly and the executive. I am not, and neither are we in the office, responsible for what government does in any way, shape or form.

Mr. Martel: You have staff. Who pays for the rental of the office?

Mr. Speaker: I think that is the fine line we all have to—what offices are you referring to?

Mr. Martel: Their riding offices.

Mr. Speaker: We do, in the assembly.

Mr. Martel: Then we do pick up some of their costs.

Mr. Speaker: But we do not have anything to do with their ministerial responsibilities. That is the point I am trying to make. If they do not choose to avail themselves of the services that are supplied by the assembly, then we do not have any record, obviously.

Mr. Martel: Are you telling me that cabinet ministers do not spend one cent in their riding offices for postage. They never mail one letter out of their riding offices; they do not use telephones in their riding offices; they never make trips as cabinet ministers; they live here year-round where everything is charged? That is ridiculous.

Mr. Speaker: I am not familiar with the habits of the cabinet working in their constituency offices or whether they maintain constituency

offices. I am told a lot of them work out of their offices here.

Be that as it may, if you want that information, I think you are going to have to go elsewhere to get it because we do not have a record of it, obviously.

Mr. Martel: I am saying you cannot put the list out in that way any longer.

Mr. Speaker: It is the only way it can come out, with all respect.

Mr. Martel: With all respect, I am sure Mr. Miggiani would know if a cabinet minister has an office expense. They do not have an office where they sit, an office with no one in it, no secretary, no postage, no telephones, just a sign up there saying, "This office belongs to a cabinet minister," and that is it. That there are no expenses attached thereto is a little hard for me to accept.

Mr. Speaker: That is not true. If you look at the Honourable Thomas Wells, with all respect, his constituency office expenses are listed. I used him as an example.

Mr. Martel: Do you want to look at Mr. Bernier? Tell me what his postage bill is.

Mr. Speaker: I do not know. You see I was—

Mr. Martel: You are very selective. I don't have a book in front of me.

Mr. Speaker: No. I just flipped it open and—

Mr. Martel: Tell me, does Mr. Bernier have a postage expense in Kenora?

Mr. Speaker: It is really not my responsibility to know what Mr. Bernier does.

Mr. Martel: Why is it then your responsibility to know mine?

Mr. Speaker: Because that is the way the system is set up.

Mr. Martel: System be damned.

Mr. Speaker: The Honourable Leo Bernier has a support staff of \$18,900, office accommodation of \$8,800, long distance telephone \$1,100—

Mr. Martel: Postage?

Mr. Stokes: He does not show any postage.

Mr. Martel: Just a little item left out.

Mr. Speaker: Quite obviously the assembly does not pay for that. This is the point I wanted to make.

Mr. Henderson: Mr. Martel brings up something that I, as an ex-minister, would like to make a short statement on. I have a constituency office. I have not looked at that expenditure.

ure, but you are quite free to read it out if you wish.

I have a girl in my office on a half-weekly basis. It is charged against my member's account. Speaking of postage, I doubt if there is very much there. It is very limited in my constituency office. I pick up my work in the riding and bring it to Toronto and it is sent out through the regular channels here in Toronto. Recently, since I have not been a minister, I do send my work to Toronto on Friday afternoon and it does cost me a couple of bucks, so that is going to be charged, a couple of bucks a week, to the office.

I want to go a step farther on the mileage. Mr. Martel brought out a very important item respecting the area served. I refer to the Minister of the Environment (Mr. Brandt), my next-door neighbour. He represents the Sarnia riding, which is 10 miles square. In my riding, it is 50 miles from my home to the north end of my riding and it is 30 miles to the south. If I want to drive around my riding, it would take me half a day to go around the outside.

Mr. Sheppard: It would take me a day.

Mr. Henderson: It would take you a day. Out in the rural area we know we do have a great deal more travelling. As a minister, I had a driver who brought me back and forth to Toronto. When I was in the riding I drove my own car and I charged mileage. I used the private member's credit card at all times when I was making calls within the riding. As a minister, I did charge what I felt was just and right to the MPP account. When it was ministry work, it was charged to the ministry and signed. My name was in there as an MPP.

I am quite happy for you to read out my expenses if you wish. I am proud of it. If you are not working, you do not spend any money. I think you people will agree. If you are not doing your job, you are not doing it. Anybody in there is doing his job; I do not care who he is.

Mr. Speaker: I want to make it clear that I am not trying to justify various members' expenses. I am just saying let those people who do avail themselves of the services provided by the Assembly have a complete accounting made up of those services. For those who do not, we do not have a record.

Mr. Martel: All I am saying is that public expenses in comparison can be made legitimate; and the press plays games. You know it and I know it.

Mr. Stokes: Mr. Chairman, I want to engage the Speaker in some dialogue about the role of the Speaker as it applies to this building, and I am not doing it to embarrass you because I know the problems you have with regard to jurisdiction. There are a good many people here this morning who came from elsewhere to make themselves available to answer questions dealing with the sums of money contained in these estimates.

What is the status of this long-protracted saga of bringing this building totally under the jurisdiction of the Speaker? As the Speaker knows, the finance office and the personnel office of the Office of the Assembly are in another building down on University Avenue and certain components of the library and information services could not be accommodated in this building.

I think all of them have adjusted admirably to the new circumstances of having to be accommodated elsewhere, but I very seldom see Joe Miggiani around the building any more, except when he is here liaising with other officers of the assembly. It is the same with our director of personnel.

What is the status of the negotiations that were ongoing quite actively four or five years ago when the Ministry of Government Services was convinced that additional space would have to be made available to accommodate the key and important people who make the Office of the Assembly work?

You can correct me, Mr. Speaker, but I was not here, so the information I am going to transmit to you is secondhand, and I do stand to be corrected. With the most recent cabinet shuffle, as is always the case in such circumstances, you and people responsible to you would have had to do some scurrying around to provide accommodation for members whose status changed from that of a minister with accommodation elsewhere to one requiring accommodation in this building. There would need to be some fast shuffles made.

10:30 a.m.

You will know that there was an office on the first floor of the east wing allocated to the Ombudsman. With almost obscene haste, I am told, this person was advised he would have to vacate those premises on less than 24 hours' notice and that this office space would have to be given up to a member of the assembly who was no longer using his ministerial office and legitimately had to be accommodated in this building.

Mr. Lewis and Mr. Fleming will know that we made a tour of this building some four or five years ago with our colour-coded drawings of the then use of existing space and how we could play musical offices, if you will, in order to accommodate the legitimate needs of members of the Office of the Assembly, members of the assembly itself and supporting staff.

Not very much has changed, from my observations in the last five years, and the Clerk will remind me that a good many of his key personnel are no longer accommodated in this building. I am sure Mr. Brannan will tell us that many of his staff are not able to be accommodated in this building. You will also know that we had very active discussions with the then Minister of Government Services, and nothing seems to be happening.

This problem is not going to go away. It is going to be further aggravated even with our present complement because, the way things go around here, as in society generally, we call on people to do more things. I do not know whether that is good or bad, but that is life. I think there comes a point when you say: "This is enough of passing the buck. We simply must accommodate our staff and treat them in a way in which we ourselves would want to be treated."

I am not saying they do not perform yeoman service, but I think at some point we must come to grips with the lack of space. It is not just a jurisdictional thing where we say to support staff for cabinet, "I am sorry, you can no longer be accommodated in this building;" or to people who lick stamps for the Premier (Mr. Davis) when he sends out his Christmas cards, "You are going to have to do that from someplace across the way." I am not saying this in a political sense, but the Speaker will know from his travels that if he goes to other jurisdictions, there are a good many of them where the Legislature itself is wholly and solely the domain of the Speaker. If you go to Quebec, the Premier is not even accommodated in the legislative building; he must go across the street. I think he has access through a tunnel or something like that.

What is the status of the ongoing negotiations with regard to adequately accommodating ourselves as members and our own immediate staff, whether it be the clerk, the finance officer, personnel, Hansard or people who provide yeoman service for us in the library and research branch?

Mr. Speaker: To answer your question about the map that was prepared dividing the jurisdic-

tion between government and the Speaker, that pertains today. To a large degree it has not really changed, but there are ongoing negotiations. As you are well aware, the Deputy Minister of Government Services and the minister now are both relatively new. I was speaking to the minister as late as yesterday in a very informal way, arranging to get together to discuss some of these problems to alleviate the situation if we can, particularly as it applies to members.

One of the problems, as you are well aware, is the size of the building. The number of people we hope to accommodate or could accommodate is limited by the physical size of the building. To some degree there will always have to be staff who are situated in the outlying areas; if you will, as close as we can get, but outside of this building.

To answer your question briefly, yes, negotiations are continuing on an ongoing basis. Progress is painfully slow. For all intents and purposes, the map to which you refer—and I was on that committee at the time when Mr. Henderson was the minister—still pertains today to a large degree, in fact, almost totally.

Mr. Stokes: So what options are you looking at?

Mr. Speaker: Well, we are looking at many.

Mr. Stokes: We know the physical characteristics of this building are finite in their present condition. What options are you looking at? Are you looking at moving some of the people in this building who do not directly have anything to do with the Office of the Assembly? You and I could take a trip in the next hour and we could tell you who those people are, what space they are occupying at the present time.

This would be a stopgap measure, an interim measure. However, surely you must realize, as I do, that in order to satisfy the needs of the Office of the Assembly over the next 10, 15 or 20 years, especially if we go to an increase in the number of members from across the province, surely somebody—and I hope you are a part of that, Mr. Speaker—must be looking a little bit farther than the end of his nose. We are just shuffling personnel and existing accommodation. You and I know, and anybody else who cares a darn knows, that is just simply not the way to go.

Sure, we have constraints. People will say "Let us move the support staff of cabinet" or "Let us move the press gallery." However, this is not acceptable. Nobody is going to do that

Nobody is going to move out the legislative counsel. However, when we have people such as we have here this morning who perform essential work to make the establishment operate smoothly and you having an opportunity to prevail upon those we rely on to assist us in overcoming that, you should be much more successful with it than I was. What are the options you are looking at now?

10:40 a.m.

Mr. Speaker: We are looking at the long-term view, having regard for the fact you have mentioned, that redistribution is going to be upon us very shortly. Other accommodations are going to have to be made not only for members but also for senior staff.

As you are well aware, there has been some shifting to alleviate immediate problems, but they are not to be taken as the final answer or the solution to a rather deeply ingrained problem. The minister certainly recognizes the need, and it was with that in mind that we spoke yesterday.

To say that we have an answer, we do not. I think it is fair to say that in response to one of the queries you made, Ms. Schoenberger is moving closer to the Office of the Assembly and will be situated across the street, in the Whitney Block, in the near future. Mr. Miggiani, in his defence, does make himself available almost on a daily basis in this building.

Mr. Stokes: He needs no defence.

Mr. Speaker: No. I am just saying that he is here and keeps himself in trim walking back and forth. Anyway, not to be facetious, the plans are being developed on a long-range basis to deal, I hope, with the problems which you have mentioned and which we are all very much aware of, perhaps more aware than some others.

I cannot give you any short-term answers. I cannot give you any quick fixes as to a solution. We all know what the problem is, and we are trying to work towards a solution and accommodation of the services we provide for members particularly and for senior staff.

Mr. Stokes: Are you talking about portables on the lawn or a high-rise?

Mr. Speaker: We are going down.

Mr. Stokes: Everything within those two—

Mr. Speaker: No; obviously, neither of those is being considered.

Mr. J. A. Johnson: Mr. Speaker, I am not sure what jurisdiction you have, but if you are in

charge of that painting, you could change it some time this year.

Mr. Speaker: These paintings are on a loan basis, and that is from the Robert McLaughlin Gallery in Oshawa.

Mr. J. A. Johnson: We have appreciated it for the last year or so; but it is time for a change.

In the comments made by Mr. Stokes, if it is a choice of an office for the Ombudsman or an office for a member of the Legislature, I support a member of the Legislature. I feel it should be a priority for the members to be in this building, and I do not have a great deal of sympathy for the Ombudsman or the people in his office. I think they can perform their functions elsewhere without much trouble.

Mr. Speaker: Just dealing with that matter, I was told the removal of that office was a recommendation of an internal study that had been done within the office of the Ombudsman. It was not something that was developed in the short term but had been recommended for some time.

Mr. J. A. Johnson: If under redistribution we end up with an extra five, six or seven members, I hope the thrust will be that the members will be in this building.

Mr. Speaker: I hope so.

Mr. Boudria: I am not sure where these questions end with the Speaker and where they begin with the Minister of Government Services (Mr. Ashe), but you can indicate to us if one thing is totally out of your jurisdiction.

In the members' services committee, which I was on until about a year ago, the then Minister of Government Services (Mr. Wiseman) had submitted plans to make an addition, or rather three different additions, to the north wing, one on one side and another addition on the other side, and then removing the present north wing and building there to link up with the two new ones they would have built previously.

Is that still active, as far as you know? Is that one of the alternatives you were referring to a few moments ago?

Mr. Speaker: Yes. That is one of the options we are taking a look at. Obviously, one of the problems, as has been previously mentioned, is the period of restraint that we are in. Economic conditions being what they are do limit the ability to proceed immediately along these lines; but these are the types of things we are looking at, yes.

Mr. Boudria: In so far as the actual building is

concerned, I remember being on a tour and there was a portion of the top floor on one side—forgive me for not knowing which one, being a north wing type of person—that was not completely used, it was not finished at all.

Clerk of the House: That is the east wing.

Mr. Boudria: Is that being considered as well, or are there structural problems?

Mr. Speaker: There are structural problems, and it would seem they are insurmountable from a cost point of view in relation to the benefit that would be gained from the expenditures.

Mr. Boudria: Finally, would you have an estimate of how many people are in this building who should not be here or who perhaps could do their functions elsewhere and allow more room for members?

Mr. Speaker: I do not have that figure.

Mr. Boudria: In other words, government people who may be giving out awards or medals or whatever they do, that type of thing, such as we had in one wing here. I remember meeting them last year, those kinds of people. Do you know how many there would be? What square footage would be involved that could be gained if some people were moved in that way? Do you have any estimate of that?

Mr. Speaker: I do not have that at my fingertips. I would have to get that.

Mr. Henderson: Mr. Chairman, I have two or three questions, but first I might respond to remarks made by Mr. Stokes about the Ombudsman's office. I am the member who is in the office where the Ombudsman was. The morning of the cabinet shuffle I was shown two offices, one on the fourth floor and that office. That office was vacant at the time I looked at it.

Mr. Stokes: Shown by whom? Would you mind telling me who showed you the office?

Mr. Henderson: The Deputy Minister of Government Services.

Mr. Stokes: There is the whole point.

Mr. Henderson: No, It is no point.

Mr. Stokes: Yes.

Mr. Henderson: It was quite understood that the Speaker of this House—

Mr. Stokes: Yes. I happen to know that particular office comes under the supervision of the Speaker.

Mr. Henderson: I just said that; you did not give me a chance to respond. You were the Speaker and I was the minister when that was

worked out. You know it fully as well as I do; we both do. There is no argument as to whose jurisdiction it is under. You and I know it, if anybody does.

Mr. Stokes: Then who is it?

Mr. Henderson: The Ministry of Government Services is responsible—

Mr. Stokes: Who is it?

Mr. Henderson: The Speaker is in charge of this building, you and I know that, but the Deputy Minister of Government Services is in charge of renovation and work, as I know it.

Mr. Stokes: If I were the Speaker under those circumstances, I would have been offended.

Mr. Henderson: But you are not; so we will leave it at that. The Ombudsman was accommodated elsewhere; what I wanted to bring out was that he was not in that office when I was shown the office, he was not there.

Mr. Stokes: I am not objecting to what was done, I am objecting to the way in which it was done. There is a very distinct difference, and maybe you fail to realize that.

Mr. Henderson: No. I understand it equally as well as you do.

I want go on. Mr. Stokes was the chairman of the Board of Internal Economy and I served on the board for a period at that time. There was an allocation of staff to each caucus. Maybe I am a little behind the times today. I would like to know what the allocation is per caucus and how that is arrived at. Do we have numbers on the allocation per caucus?

Mr. Speaker: I think Mr. Miggiani might be able to—

Mr. Miggiani: No, not on space.

Mr. Speaker: No, we do not.

Mr. Henderson: Where can we get that information?

Mr. Speaker: We can get it. We do not have it—

Mr. Miggiani: Do you want the complement?

Mr. Henderson: No, I do not care about names; I just want the numbers for each caucus. I do not care who they are or how the caucus allocates them; I just want to know the numbers that are allocated to each caucus.

Mr. Miggiani: The latest figures I have are PCs 73, Liberals 60 and NDP 51.

Mr. Henderson: Okay, thank you.

Mr. Chairman: Is there anything else, Mr. Henderson?

Mr. Henderson: No. There will be other things as we go along but that is all for now.

10:50 a.m.

Mr. Kennedy: Could you just clarify what those numbers are? What category of people are we talking about?

Mr. Miggiani: In the PC members' support there are 38, and the PC caucus and research a total of 35. In the Liberal members' support there are 33, and caucus and research 27; the NDP members' support 22, and the caucus and research 29.

Mr. Henderson: I missed something, Mr. Miggiani. The first figure you gave was PCs 35. Did I not hear 72 later on?

Mr. Miggiani: It was 38 for the members' support and 35 for the caucus and research, for a total of 73.

Mr. Henderson: I am sorry, I missed the 38. That answers what I was looking for.

Mr. Nixon: I am very interested in what Mr. Stokes has been saying and I know this has been a problem for Speakers for the last decade.

It occurs to me, and I have heard some comments about this, that we will be celebrating the centennial of this building within maybe six years—I am not sure what the official date is—and already there is some thought that some substantial renovation might be considered. It would be a very good thing if Mr. Speaker and the Board of Internal Economy, or all the Legislature together, could exert themselves as effectively as we possibly can to see that the building becomes, if not entirely legislative, as close to it as possible.

I know the Speaker and various members have travelled to all the jurisdictions in Canada and to a number in the United States and have seen what can be done, I think with reasonable expenditure of money, through utilizing an old structure. I mean those where there is no thought of tearing the old structure down and building something like that built in St. John's, Newfoundland, which is probably the most unattractive legislative building anywhere.

Some members returned from British Columbia fairly recently as members of the members' services committee. I think there was some thought—the Premier's wing there is part of the old building but set aside a little bit with a walkway—we might be able to sell our Premier (Mr. Davis) or his Liberal successor on, for example, the Sigmund Samuel building right across the road. A nice flyover could be built

and he and his retinue—or she—could go back and forth very readily into this building.

Dorothy and I had an opportunity during the summer to take a little drive down into the states and for some reason we ended up in Annapolis, the capital of Maryland. They have the oldest legislature in continuous use, I believe—certainly in the states and maybe in North America. It is a gorgeous building. It has a legislature—as big as ours, which certainly surprised me—and a Senate, which of course we desperately need, and two or three extremely fine committee rooms that are not in any way modernized other than with public address facilities. They are used, as closely as possible, just the way they were back in the British days in the old Annapolis area.

There are no offices for members, although it is a large, substantial building. It is not as big as this but has a big dome and a big assembly chamber. Outside they have full office facilities for members and members of the Senate and a legislative services office as well. They are very well served indeed. It may go back to the days when Vice-President Agnew was running the store. Whatever else he did, that place was in great shape.

I am just suggesting we might want to appropriate funds to do something significant with this building and our facilities. One of the obvious suggestions was that the Premier and his very large staff ought to be close by but elsewhere, but we may not win that for the next few months. The other possibility, of course, is that His Honour moves out into other facilities as well. I would be the last, frankly, to recommend that, but I do not know whether I am part of a majority or not.

I would really hate to see us get involved in erecting some grand structure as a shrine to the vice-regal concept; I do not think we need that. I think the capacity of the men and women who have held the office is enough to maintain the dignity of the office.

Mr. Stokes: Mitch Hepburn made that decision.

Mr. Nixon: And a correct one it was, but certainly it does use up a lot of our space.

I think you also, in your fairness and objectivity, Mr. Speaker, might feel there are spaces that do not come under your colour code but should. I am thinking particularly of the room upstairs and just one removed, the very large and comfortable retiring room that nobody uses except local Progressive Conservative associations when they want to come in for a little

shindig, and the cabinet from time to time and the cabinet supporters.

Mr. Stokes: Room 228.

Mr. Nixon: I guess we all have our bugbears, but that is one office that does irritate me a little bit. Certainly it used to be a facility that the members used all the time. It was our lunch room, and how the forces of Progressive Conservatism got their hooks into it I will never know. I guess they just took it over. There is not much we can do but call out the cops; and when we phone them, they do not come. That is the one area I am really concerned with.

I would just say, though, that I do not know what we should do. Maybe we ought to strike a committee to advise the ministry or whoever about what we would like done with this building, because this is the change that ought to last us for 25 or 30 years.

Time goes quickly. I remember when this building was freshly done, and I do not know when you would ever get into a dingier place than this is right now. Do you remember when all these lights were bright and the curtains were beautiful and we would come in here and say, "Boy, we are really moving now"?

You do not see anything like this at city hall in Toronto or Brantford or at the administration office of the Six Nations reserve. We have to spend hours working in here, and I just think that when we make the next change it ought to be a significant one and give us what we feel we want and our successors can make good use of.

The other point I wanted to make also is in the Speaker's jurisdiction in the same way, and that is to continue to protect ourselves from either the encroachment or the re-encroachment of the government on officers responsible to the Legislature as a whole. At the Board of Internal Economy a couple of days ago, you remember, the Ombudsman's representative indicated that the board was asked to approve certain minor pay changes, but in any event it would require a motion of the Management Board of Cabinet before it was real or something like that.

I really do believe that this is quite a serious incursion. I do not believe I misunderstood the thing, but the Management Board of Cabinet should have nothing to do with the allocation of funds for the Ombudsman, for the Provincial Auditor or what else?

Mr. Stokes: The Commission on Election Contributions and Expenses.

Mr. Nixon: Right; and frankly the civil rights

office as well, although there is still an argument about that.

I believe the intention of the government has been quite good, and that is to put it before the Board of Internal Economy with us having the responsibility of providing the funds for those servants of the Legislature and that this is just a misconception. The thing that really amazes me is that these officials still seem to turn naturally to the officers of the government for their money, if not for their direction, and this, of course, is the cardinal, unforgivable sin, which has to be pointed out whenever it occurs.

There is a small item that is associated with this. I had the honour, along with a number of other members of the Legislature, to attend a very fine dinner last night in honour of the former Ombudsman, who is now departing to other responsibilities. Just as a footnote, I was interested and somewhat surprised to note that he is resuming his judicial duties as a member of the Federal Court.

But once again the goodbyes and the whole deal were not from his employers—and that is us, colleagues—it was from representatives of the government, who in every aspect are not his employers. There was the Attorney General (Mr. McMurtry) and the Deputy Premier (Mr. Welch) of Ontario, both of them great guys, and why should they not be speaking there? But there certainly ought, in that instance, to have been at least some little nod to the fact that the Legislature is doing it. The Speaker and his charming wife were there, but in many respects I believe very strongly it ought to have been your deal, your party.

11 a.m.

I do not know whether we have a budget that has enough depth in it. If you want to take some dignitaries' relatives, friends and hangers-on down to the King Edward Hotel for a little bash—they do not have cash bars at these things—you should be able to do it. You have plenty of advisers on all sides and in the Board of Internal Economy to tell you if they think we are getting a little fast and loose with those bucks.

I think it is our job to reinforce the idea that these people are responsible to us and not to the people at the other end of the second floor.

Mr. Speaker: I think your points are well taken. Just to back up on the proposed renovations, or preparations for the celebration coming off in the next few years to mark the centenary of this building, I think in my own view that would be something we should address

ourselves to at the Board of Internal Economy and we should take a very active role in those preparations and in having a say as to what is proposed to be done with the building and to the building.

Mr. Jones: A good guide might be to look at the member for Mississauga North's part of the members' bill of a year ago, and I will discuss it with some of the members of your caucus.

Interjection: Seems very ambitious.

Mr. Jones: It makes a lot of sense. It certainly has support.

Mr. Martel: The other night at the board I raised the matter of how that transfer occurred, and I was told—it was not Mr. Speaker who told me, but someone from staff—"Oh, that was colour coded. It did not belong to the Speaker." Now I learn it did belong to the Speaker. Will somebody tell me where I am wrong?

Mr. Fleming: I believe it is colour coded in favour of the Office of the Ombudsman.

Mr. Stokes: Through whom does the Ombudsman report to the people?

Mr. Fleming: Through the Speaker.

Mr. Stokes: Thank you.

Mr. Martel: The only reason I was raising it the other night at the board is that if it had gone through Mr. Speaker I might be prepared to accept it. The whole deal was cooked even before the new cabinet minister was sworn in.

Interjection:

Mr. Martel: The other night I was told the colour coding showed it did not come under the Speaker, when in fact it does. I resent somebody telling me or leaving the impression that office was not under Mr. Speaker's jurisdiction but came under Government Services.

Mr. Nixon: I should be able to back you up on that. Frankly, you are probably right, but I cannot recall. The thing is that a private member is now in a space—

Mr. Martel: I have no objection to that.

Mr. Nixon:—that used to be held under the direction of the government itself, so that has to be a small gain, does it not?

Mr. Martel: No, because they are saying it comes under Government Services and does not come under Mr. Speaker. Mr. Speaker was not even in on the negotiations.

Mr. Nixon: Yes, but Lorne is on our side now.

Mr. Martel: I know, but is Mr. Speaker going to get it colour coded back to him totally now? That is the resentment I have.

Mr. J. M. Johnson: Are you worried about how it happened or what the effect was? Do you not agree the member should be there?

Mr. Martel: I have argued consistently the whole building should belong to the Speaker. I just resent Mr. Speaker was even bypassed. He did not know about it until I told him the other night. It is ridiculous that some clown comes over, some deputy minister, and makes the arrangements without Mr. Speaker even knowing. Who the hell do they think they are?

Mr. Jones: I think, Mr. Martel, with all due respect, what I heard Mr. Henderson say was the reason that the deputy was there had to do with the logistics of the decorating.

Mr. Martel: The office comes under Mr. Speaker's jurisdiction. It is the only point I am trying to make. For somebody from Government Services to make those negotiations and move somebody in and out with Mr. Speaker not even knowing about it is simply ridiculous. It is unacceptable. He should be making that decision, not the Assistant Deputy Minister or Deputy Minister of Government Services.

Mr. Stokes: I think the point has been made. I want to get on to something—

Mr. Nixon: Mr. Chairman, on a point of order: Mr. Mitchinson has brought to my attention that the Ombudsman's budget is not approved by Management Board, but the appointment of the Ombudsman's staff is by order in council. Therefore, their salaries and appointments are subject to the approval of Management Board.

Frankly, I consider that just as bad, because there are a number of people who are responsible directly to Mr. Speaker and through him to the House. These would include the Clerk of the House and our administrator and others who work directly and are paid by the Board of Internal Economy and therefore by the Legislature, but they owe their appointment to the government.

We ought to be moving away from that on the basis that these appointments are approved by the Legislature as a whole. The selections are made under Mr. Speaker's direction from time to time but by members of the Legislature representing its makeup. I think that is something we should strive for.

Mr. Stokes: Just in that vein—I was not going to get into it until you reminded me of it—that does not apply only to the person who holds the position of Ombudsman. It also applies to the Clerk of this House by way of order in council. The first clerk assistant was here on sufferance

by an order in council from Management Board of Cabinet.

I am told—unless some legislation got by without my seeing it—even the chief election officer is appointed by order in council. Mr. Lewis, you can bring me up to date on that? Has there been any confirmation by way of order in council to support the fact that Mr. Warren Bailie is the chief election officer?

Clerk of the House: Yes, the Election Act still provides as follows, "That the Lieutenant Governor in Council shall appoint the chief election officer." He is appointed by order in council.

In the draft bill we were working on when I was still chief election officer we were providing that the appointment be on the recommendation of the Legislative Assembly, the same as the auditor. At present it is not. It was made by the Legislative Assembly, as you know, but it does not provide that in the act as yet.

Mr. Stokes: No.

Clerk of the House: It simply says, "The Lieutenant Governor in Council shall appoint . . ."

Mr. Stokes: Why do we not tidy up these things? It gets back to the thing we will be talking about this afternoon. If somebody does not pre-empt me, that is the first question I am going to ask the chairman of the Commission on Election Contributions and Expenses. I will ask him if he is having any more success in getting these housekeeping amendments to the act that cover their activities. I was singularly unsuccessful in getting the government House leader to move so that the commission could be much more effective.

It boggles the mind that even the Clerk, with his long association, does not prevail upon somebody to get up to date on the very things he just mentioned.

Clerk of the House: We drafted such a section. It has not come forward yet.

Mr. Stokes: You mean the onus is still on you to send it—

Clerk of the House: No, no.

Mr. Stokes: —or the onus is on them to act upon it?

Clerk of the House: When I was still chief election officer we drafted a proposed new act.

Mr. Stokes: Where is it now?

Clerk of the House: I do not know.

Mr. Stokes: Who did you give it to?

Clerk of the House: There have been several versions. The last version I had anything to do

with was sent to the Premier's office—no, I am wrong, to the House leader's office.

Mr. Stokes: That is what I used to do with the amendments and I am sure Mr. Speaker—

Clerk of the House: And the section—

Mr. Stokes: I think he has too many jobs.

Clerk of the House: The section I drafted was that the appointment would be made on the recommendation of the Legislative Assembly.

Mr. Stokes: Yes. I am sorry for that diversion, Mr. Chairman.

Mr. Speaker: Quite obviously these matters which have been raised are a matter for legislative changes.

Mr. Stokes: And are of some urgency.

Mr. Speaker: Yes, obviously they are. Again, this whole thing has to be looked at very closely.

Mr. Stokes: Yes. I want to get into something else that has been of more than a little interest to me for a long while. It has to do with interparliamentary relations and exchange visits. I get the sense that with this sort of retrenchment that has been downplayed, not as a result of anything that we did consciously but because of the general world economic situation. With the exception of the visit to Australia, people are not travelling as much as they once did.

11:10 a.m.

I think it is very important for us to continue, to the extent that finances will permit, to share the leadership as we have done in the past with regard to helping other assemblies and their members to be more aware of what we are doing in this jurisdiction. We are not perfect; we know that. But there was a time—I hope it still exists—when people would want to come to Ontario.

I can remember when Ghana was coming off a military junta—I cannot remember whether it was on the right or the left—and they were setting up constitutional democracy. We saw fit to grant funds, through the Office of the Speaker as president of the Ontario branch of the Commonwealth Parliamentary Association, to make a fairly generous contribution to the Commonwealth working fund.

Ghana was the first jurisdiction to take advantage of that. They made a trip to Ontario and spent considerable time here. It is my understanding that they benefited a lot from it. The only problem was that as soon they got back to their own jurisdiction, another junta was authored by Jerry Rawlings and they are now all in jail.

Mr. Nixon: We should go over there and see how they do that.

Mr. Stokes: The point I am trying to make is that we do have people who go offshore from time to time. I cannot recall where the last CPA general assembly was held, and I do not know whether we were represented, and if so, who that person was. I know that nobody from the assembly represented us the year before last. A member of the Clerk's staff attended. I think it was in the Bahamas, if memory serves me correctly.

I am not laying any blame. I am trying to emphasize that I think it is absolutely essential that we as an assembly and you, Mr. Speaker, as president of the Ontario branch of CPA, to the extent that your resources allow you, be adequately represented at those Commonwealth forums and that there be some kind of report back, other than reading what Sir Robin Vanderfelt says in his newsletter. I find him very interesting, and we get a general inkling if something humorous happens, or if somebody's membership in CPA is suspended temporarily for a variety of reasons we get to hear of that.

The only conference that I attended was in 1976 when Mr. Speaker Rowe, who was not able to attend, asked me if I would and I was only too happy to accept. What I learned at that conference, I will never forget. You might think they are very abstract and ethereal subjects for somebody who represents a riding in northern Ontario, but I can recall quite vividly that the four topics we were called upon to discuss were peace and security in the Indian Ocean, the commodities market, the brain drain from the have-not countries to the developed countries and finally, in very general terms, aid that should be extended from the developed countries within the Commonwealth to the underdeveloped countries.

As I say, those four topics may sound very ethereal, but you had to be there to see the relevance of those very broad and almost technical subjects. When I came back, as members who were here at the time will recall I put out a newsletter to every member of the Legislature and to anybody I thought might be interested in what went on at that conference. There were two members of the assembly who came and spoke to me about it; there were a few civil servants who happened to see it and said it had piqued their interest. That was the only occasion there was even any discussion about that meeting.

What do you think, Mr. Speaker, about some

directive going out? Mr. Nixon went over to Westminster for a three-week seminar with a very select and exclusive group.

Mr. Nixon: Personally selected by Mr. Speaker himself, as I recall.

Mr. Stokes: As a matter of fact it was. When he came back—

Mr. Nixon: I was not going to.

Mr. Kells: No future for Liberals over there.

Mr. Stokes:—he took advantage of the first opportunity to apprise members of the assembly of where he had been, what he had seen and what he had talked about. I do not know whether other members of this House remember that occasion, but I cannot think of any better way of spending money than going out and communicating effectively with our counterparts elsewhere, whether it be in the Commonwealth parliamentary family or in something else.

I notice the clerks have some kind of relationship with their counterparts in the United States. I know Mr. Fleming does the same thing with administrative officers.

Mr. Speaker: No, no.

Mr. Stokes: He did.

Mr. Fleming: There is no official organization.

Mr. Stokes: I think it is absolutely essential that we give high priority to that kind of exchange. As I said earlier, while we are not perfect there are some things we do well and this fact is reflected in the numbers of people who come to this jurisdiction to see how we do those things. It stands them in good stead when they go back.

From time to time, we have people from Nigeria, the Caricom nations and from literally all over the world come to this jurisdiction for advice and to talk to us. I know the legislative council has had its counterparts from other jurisdictions.

I know I tried to set up a library down in Barbados. Our librarian looked at the library, which was made up of pocket novels and mysteries simply because the librarian there happened to be an amateur writer. I know Mr. Land went to considerable expense to try to assist them. I do not think it happened, but we made the effort and I know it was appreciated by the Speaker in Barbados.

11:20 a.m.

I would like you to tell me what kind of interparliamentary exchanges you have had within the last year, how you have used them,

whether or not they were successful, should we have done more of them, what benefit might have accrued to our guests, and whether you feel, as I do, that it is money well spent.

Mr. Speaker: Let me assure everybody that this is one of my pet topics, and I feel very strongly about it. I cannot give you absolute figures on the number of visitations which have been made here and that we have made elsewhere. What you say is quite right; we are looked upon in many jurisdictions as an example. We have close communication with many, if not all, legislatures and parliaments.

Getting back to the remarks you made, I think the meeting last year, if I am not mistaken, was held in the Bahamas. Because the House was sitting, I could not go myself. As you may recall, I did canvass literally every member of the Legislature and was unable to get anybody to go to represent the province. I felt badly about it, but—

Mr. Stokes: Whom did you contact?

Mr. Speaker: The three House leaders were contacted. Anyway, I am now telling tales out of school.

Mr. Nixon: You were not personally asked?

Mr. Speaker: Well, never mind.

Mr. Nixon: You were not?

Mr. Speaker: Well, that was the reason that came about. As you may recall, the House came back early to sit for a few weeks or even days.

Mr. Martel: Which ran into months.

Mr. Speaker: The session went on and I just could not get out of here.

The meeting this year is in Kenya. We do have representation there. The member for Perth (Mr. Edighoffer) of the Liberal caucus is representing us at the conference and is leaving this very day, if he has not left already.

Unfortunately, because of the timing, I have not been able to attend any of those conferences.

Mr. Stokes: I never did either as Speaker. I did once as Deputy Speaker.

Mr. Speaker: It is difficult because of the schedule we have. I think we have placed very heavy emphasis on this. I think we are doing a good job in this regard and I will continue to keep up this heavy emphasis because it is something about which, as I said, I feel very strongly.

I feel very strongly because not only is it a chance to find out what other jurisdictions are doing, but the Speakers in our country have a role to play in the overall unity, if you will, or in

drawing together the various parts of this country. I think the Speakers are in a unique position and have a unique opportunity to play a role that perhaps people in the political forum cannot do or have been unable to do.

To answer your question, I have not felt inhibited in any way in doing this. The one thing that has been obvious in the last year and a half to two years is perhaps the restraints and constraints placed on some Third World countries. It is obvious that they are not attending regional sessions the way they did in the past, and their communication always uses restraint as a reason for not being there. That is unfortunate because I think they have a lot to learn and we have a lot to learn from them.

I did attend the regional conference in Saskatchewan two weeks ago. I have always found it very helpful. It is always enlightening to sit down, even at the less formal parts of the meetings, to exchange views not only with the Speakers but the various members.

I do not like to mention names particularly, but two of the people who were at that conference were Sir Charles Gordon, who once was the Clerk at Westminster, and the infamous Willie Hamilton, a member of Parliament in Westminster, who is one of the leading critics of the royal family. I found him to be a delightful person—somewhat of a fraud as to the views he holds perhaps but an interesting fellow.

I feel very strongly that we are participating to the fullest. In fact, I think I have gone a little beyond the regular scheduled meetings and have been setting up interprovincial meetings. I feel very strongly about these because of the reasons I mentioned earlier. I think the Speakers have a unique role to play in this country and they are trying to explore that avenue.

Mr. Stokes: Could I prevail upon you, Mr. Speaker, to tell our representative—the member for Perth (Mr. Edighoffer) or the member for Mississauga North (Mr. Jones) or whoever—to give us a report when he comes back of what was discussed, what occurred, and what his general overall impressions were? I think there are a lot of members of the Legislature—the member for Brant-Oxford-Norfolk (Mr. Nixon) or the member for Mississauga North in his new capacity—who would be very interested in having that information.

I felt very strongly about that when I had some responsibility for it. I do not think it is enough just to send somebody there and say “Yes, we were represented and it was very interesting, very informative, very constructive”

and a good time was had by all." I think it goes much farther than that. I think we will have missed the boat if those people we send do not come back and make a formal report to the speaker. They could then distribute it to the legislature. I do not care how it is done, but I feel it is important that information be shared with members of the assembly.

Mr. Chairman: I agree.

Mr. Speaker: I think that is an excellent idea. I would not have any objection to asking Mr. Dighoffer on his return to submit such a report for the edification of all members and perhaps more particularly myself.

Mr. Chairman: I think, Mr. Speaker, it should be their duty to report when they come back. I do not think they should—

Mr. Stokes: I felt it was when I went.

Mr. Chairman: Anything further, Mr. Stokes?

Mr. Stokes: Has anyone else got anything on the office of the Speaker?

I would like to have the Speaker or his staff tell us how worth while the word processor has been in his office.

Mr. Speaker: Do you want a personal observation?

Mr. Stokes: No, but I do not know who uses the word processor or how advantageous it is. I just want somebody to describe his experience with it very briefly.

To shorten this, I would like to ask about the merit increases that pop up from time to time. Also, while I do not want to spend a lot of time on it, I want to find out about the change in format that has occurred as it applies to the allowance to Mr. Speaker in lieu of a contingency fund, in the order of some \$20,000. I would like to find out why that has changed. Finally, on the complement, there is one special assistant in the office of the Speaker.

I do not expect you will spend a lot of time on these points, but when I was going through them, they were things that had changed and I would like you to explain them to me briefly.

1:30 a.m.

Mr. Speaker: Before we get a professional opinion, my own personal opinion of the word processors is the same as that of everybody who is using them: how did we get along without them? We did, as you may know, share a word processor with the office of the administrator of the assembly. The volume on that machine grew to the point where the two of us were bumping into each other, or staff were, in a scramble to

get there first. So we have installed a separate one and we are making fantastic use of it.

It is one of those services or machines or whatever where, once you buy one, you find all kinds of alternative uses you had not even thought of prior to having it. We do share the use of it with others, but it has just been invaluable to us. I recommend them very highly. I am sure that is what you wanted to know.

Mr. Chairman: And the answer he wanted too.

Mr. Speaker: Yes, they are highly successful. I do not know whether Mr. Fleming wants to add anything on a personal basis to my comments.

Mr. Fleming: The Speaker's word processor is an extension of the Wang system installed in Hansard. What we are doing is utilizing the excess capacity of the Hansard system. Then in our office we also have an extension of that system, a terminal based in my office and another for the general use of the office.

I think it is fair to say that not only is most of our correspondence now completely done on the word processor, but also all the work for the Board of Internal Economy, the agendas, the minutes, all the cross-indexing, allowances booklets and everything relating to members' services.

It is an extremely effective and efficient way of operating. I believe the public relations and parliamentary relations office is also going to be plugged into our system so that we will be able to keep track of all the tours scheduled for the building and that kind of thing. Also, information on pages, the whole planning of that area in the Speaker's office, is going on the system.

It is definitely the kind of development that is going to come very rapidly in the future. As you may know, we have submitted this month for the approval of the Board of Internal Economy a pilot project whereby we would set about computerizing six members' offices, two members from each caucus.

Mr. Speaker: Perhaps Mr. Fleming or Mr. Miggiani would like to address themselves to the merit increases. Do you have any specific question with regard to those?

Mr. Stokes: This has been a bugbear to me right throughout the estimates. It is not as prevalent this year as it has been in past years, but I see it still crops up where there are merit increases. It is something I have a real philosophical problem with.

Public servants enjoy a specific classification, and as long as they continue to perform according to their job descriptions, all is well with the

world and they continue to get that pay rate. For some reason or other, however, we have this other thing called merit pay.

Is this for meritorious service above and beyond the call of duty, or is it just because they are doing the job they were hired to do? As I say, it is something I have always had difficulty with and it is still there.

Mr. Speaker: Coming from the private sector, it was a new category for me as well. Maybe Mr. Fleming can address it.

Mr. Fleming: Apparently, the purpose behind merit is to provide motivation or incentive for a public servant to excel in his position. I believe that in almost every classification relating to the public service there is a starting salary and a final salary that may be paid.

Under the present arrangement, it is possible to pay somewhere between one and eight per cent. In the case of the Office of the Assembly, I can think of no occasions—I am referring to employees coming directly under the Speaker—in recent years where any employee has received more than a six per cent merit increase. The average might be four or five.

Once the person has received several merit increases, perhaps in the course of two, three or four years, and has reached the top of his range, that is the end of it. He cannot go any farther in terms of salary unless, of course, he finds a new position. The whole point of it is apparently designed to stimulate the employee and give him somewhere to go in his salary range.

I can think of some situations, for instance, in the case of secretary assistants to members of the assembly where the starting point is now \$18,185 and it goes right up to \$24,679. That is designed so that people may enter it at different levels and may receive one merit increase per year. It is impossible to receive two merit increases a year.

The merit increase, in general, is not something the assembly has instituted. It is something that is a recognized procedure throughout the public service and has been there for a number of years.

Mr. Stokes: I am glad to hear you say that because I can recall one of our employees grieving because he did not get the merit pay he thought he was entitled to. That is something I have very great difficulty with. The amounts mentioned in here are very insignificant, and I am not even going to draw attention to them. One is for \$900. I do not know whether that was for a clerk—I am not even going to mention it.

Philosophically, I have a great deal of difficulty with giving merit pay, notwithstanding your explanation of the class and the range within that class. I am glad to hear you say what you did. It has been a good while since we have had somebody grieve because he did not get merit pay, but you can see just how ludicrous can become.

Mr. Fleming: We are under no obligation, as far as I am concerned, to grant a merit increase and we have always taken that position.

Mr. Stokes: Okay, enough said.

Mr. Henderson: Mr. Chairman, I had a few questions.

Mr. Chairman: I think there are other questions that Mr. Stokes raised.

Mr. Stokes: I have given four questions and—

Mr. Henderson: It is not on this then. I am sorry.

11:40 a.m.

Mr. Speaker: The other was the allowance in lieu of contingency which was increased last year to do the very things you and I were discussing a little earlier, an increase in entertainment—

Mr. Stokes: It is just the phraseology; I am not questioning the amount.

Mr. Speaker: It is not a private slush fund, that is what you are thinking.

Mr. Stokes: No. But that is why I think the terminology is wrong. Somebody reading that and—well, I have been there.

Mr. Speaker: I do not know what else you could call it.

Mr. Stokes: It is a contingency fund; it is in lieu of a contingency fund.

Mr. Speaker: That is what it is, yes. I do not know what they mean, “in lieu of contingency.”

Mr. Stokes: It is a contingency fund.

Mr. Speaker: That is the way it was always referred to.

Mr. Stokes: And it is legitimately spent. I think you are even more tight-fisted than I was. There was one year when I did not even draw the contingency fund, as you well know; Mr. Miggiani will confirm that. We did not have these great big Speaker's banquets that used to be the order of the day around here.

I can readily appreciate why the Speaker needs the amount stipulated in here. But anybody reading this would get the impression that the Speaker once had a contingency fund and that it had been decided to throw that out

window and give him \$20,000 in lieu of. I just wanted to bring that to the Speaker's attention.

Mr. Speaker: I did not see that, and you are quite right; it still is a contingency fund.

Mr. Stokes: But it is in lieu of, according to his.

Mr. Speaker: The provision for the special assistant is something that was added, and I did have one for a relatively short period. It has not been taken out, mainly because I still feel the need to have someone in that capacity. As you are well aware, the role of Speaker is a very demanding and time-consuming one.

Mr. Stokes: Whatever gave you that idea?

Mr. Speaker: As an example, this week I came in on Monday with a briefcase full of things and I still have not been able to sit down with my secretary to go over them, just because of the demands of the House and other places. However, this position has not been filled. It has not been provided for. As the days go by, particularly with the House sitting, it becomes more and more evident that assistance is needed. The pressure goes off, of course, when we adjourn or prorogue, and one tends to forget about it in those days. But it is a problem and I really have not decided what to do with it yet, okay?

Mr. Stokes: Yes.

Mr. Speaker: I think that was the last inquiry you had.

Mr. Henderson: Mr. Chairman, I have a book that was put out by the Speaker; it is called "83 Allowances and Services: A Guide for Members of the Ontario Legislature. I go to Part 1: Indemnities and Allowances"—I am talking about members from out of town who have accommodation here in town.

For a number of years, I, like most of the other members, lived at the Royal York. Four years ago I rented an apartment in the Sutton Place Hotel and bought furniture. I note at the top of the page: "... owned by a member ... The following furniture items are eligible for depreciation: sofa, chair, bed frame, box spring, mattress, night table, dresser, mirror, dining room table and chairs, drapes, carpeting, wall unit, china cabinet and sideboard, end table, coffee table, lamps, kitchen table and chairs."

I bought a couple of hundred dollars' worth of bedding and linens, only to find that it is not appreciable. Is there a reason why it is not? I do not know how the hell you sleep without a bit of bedding. Is there any reason why bedding and

linen is not covered? Why would it not be covered?

Mr. Miggiani: We are governed by the guidelines that we are given.

Mr. Stokes: I am sure it was an oversight.

Mr. Speaker: These things do come up from time to time and they—

Mr. Henderson: How do we refer it to the right people then, Mr. Speaker? You are the chairman of the Board of Internal Economy.

Mr. Speaker: If you write me or your House leader a letter, and have it come before the board, we will take a close look at it.

Mr. Miggiani: I think the depreciation is dedicated towards the furniture itself, and not bedding or pillow slips.

Mr. Henderson: Where is the furniture?

Mr. Miggiani: I think the depreciation is applied against the purchase of the furniture, not sheets or bedding. We do not have guidelines to apply against furnishings.

Mr. Henderson: That is my argument, Mr. Speaker. If I had stayed at the Royal York Hotel, I would have had my bed made and paid for—the whole works. Here, I saved the government money—when I was at the Royal York Hotel, I was paying some \$800 a month there, and I came up here for \$400 a month—and the government got the benefit of it, but because I bought my own bedding and linens, I get no depreciation. I am not the only one; other members have the same trouble.

I want to turn back one page in this little book, Mr. Speaker, to "Committee Allowances." Now I want to take you to task on your original statement; midway through you said the per diem allowance of \$27 is to cover the cost of meals, beverages, gratuities, local telephone calls, laundry and local taxes. You say my laundry is covered while on committee meetings but not as a member of the Legislature. We are not consistent, I say to you, on this issue. I just read this in the House a couple of days ago; I never had time to read it before.

Then I want to go to the top of that page, "Committee Allowances."

Mr. Speaker: Which page are you on?

Mr. Henderson: There is no page number. It is part 1—

Mr. Speaker: Yes. It is down at the bottom.

Mr. Henderson: Oh, sorry; page 11. I take you now to the top of page 11, "Eligibility." "Each

member of a standing or select committee of the House is eligible for an allowance:

— for every day on which the assembly is not sitting, upon which the member either attends a committee meeting or is absent from home and travelling to or from a meeting of the committee,

— for every day, whether or not the assembly is sitting, upon which the member is away from home and Queen's Park and is engaging in the work of the committee."

I take it that means the members of this committee will get paid for today.

Mr. Speaker: I wouldn't bank on it.

Mr. Henderson: No, I am serious, Mr. Speaker. This is clear-cut: "... for every day on which the assembly is not sitting"—and it is not sitting today—"upon which the member either attends a committee meeting or is absent from home and travelling to or from a meeting of the committee."

Mr. Stokes: That is not the intent.

Mr. Speaker: No, it never was.

Mr. Henderson: Then let's clear this up. Let's not leave the wrong impression.

Mr. Speaker: That has never been claimed before, nor has it been recognized.

Mr. Henderson: I read it and I had a lawyer's interpretation that says, "Yes, you collect on today."

Mr. Speaker: An interesting point.

Mr. Henderson: Tell me what does—

Mr. Stokes: What we are doing here now—

Mr. Henderson: No, you read this.

Mr. Stokes: I don't want to read it.

Mr. Speaker: We are aware of the wording.

Mr. Stokes: What we are engaged in here now is an extension of House business.

Mr. Henderson: Sure, there is House business, Mr. Stokes.

Mr. Stokes: This is the House and you do not get a per diem for sitting in the House, nor should you get paid for sitting here doing what is an extension of House duties.

Mr. Henderson: This particular sentence is contrary to that, Mr. Speaker.

Mr. Stokes: I agree with what you said previously, but you are way off the track on that one.

Mr. Henderson: I am not. You read it.

Mr. Speaker: Mr. Chairman, I understand what you are saying—

Mr. Sheppard: Mr. Chairman, I suggest that it be reworded, because I have heard other people besides Mr. Henderson interpret it in this manner.

Mr. Speaker: Yes.

Mr. Sheppard: Some days the House does sit on Wednesday, but I think the wording should be changed if this is the way you want to interpret the book.

Mr. Stokes: To use railroad vernacular, you van track lawyers do not have enough to do particularly on a Wednesday.

Mr. Chairman: Maybe Mr. Lewis can explain it.

Clerk of the House: I can add a bit to what Mr. Stokes has said.

The members are called on during the session. They are on duty every day of the week as long as the House is sitting until it adjourns or prorogues. By motion of the House, it has become the custom of recent years to set Wednesday aside for sitting in committees rather than in the chamber, but it is still a sessional day. We still produce an order paper for it and we still produce a Votes and Proceedings for it. It is considered a sessional day.

Mr. Henderson: Then this book should be corrected, Mr. Speaker, because any of you would put the interpretation I have put on it.

Mr. Speaker: That is probably true enough, but I think you have to consider the fact, as has been explained, that Wednesdays are considered a normal part of the session.

Mr. Henderson: Mr. Speaker, you can get 1 per cent of the lawyers in the city of Toronto and I admire them all—to put the same interpretation as I have put on the language of this book. It is wrong, and it should be corrected immediately.

Mr. Speaker: It is an interesting point.

Mr. Chairman: Is there any further discussion on the office of the Speaker?

11:50 a.m.

Mr. Henderson: Mr. Speaker, would you like a letter on the allowance on bedding and linen or can we ask you to take it to the Board of Internal Economy?

Mr. Speaker: If we had a letter we could consider it, please.

Mr. Henderson: All right.

Mr. Stokes: Very briefly, Mr. Chairman, want to ask about the status of the negotiations that are ongoing with regard to televising procedures of the assembly. I want to know how

much we are spending generally in providing accommodation for the fifth estate in this building.

Whatever that sum is, why is that a legitimate charge against the activities of the Office of the Assembly as opposed to a group of people being here on sufferance and whether or not that should not be charged to Government Services? There is a Xerox machine up there. There are people who man the telephones, people who—

Mr. Speaker: Serve the drinks.

Mr. Stokes:—serve the drinks and everything else. Do you still consider that to be a legitimate charge against the Office of the Assembly as opposed to some other entity?

I have not seen the Sergeant at Arms' sword lately. He has not had need to use it but—

Mr. Speaker: Are you suggesting he should?

Mr. Stokes: No, I am not suggesting that he should, but I am wondering why it cost \$1,500 to fix it.

Mr. Speaker: I do not think it did, in fact.

Mr. Stokes: That is the amount that is credited.

Mr. Speaker: That amount was put in there, yes.

Backing up a little bit, let me say that there are no ongoing negotiations for televising the proceedings in the House. That came to an end at the Board of Internal Economy. I think that was reported to the House or to the members.

Regarding your observations about the members of the fifth estate, the press gallery and whether or not we should be supplying them with accommodation, my personal view is that it is a parliamentary press gallery; they report on the proceedings of the assembly rather than on the proceedings of government. I think this is something we have to keep in mind.

The assembly is a forum for all members; it is not a decision-making body per se. So I feel we should continue to provide services and accommodation for them and so on, unless it is the wish of the assembly to do otherwise. That is perhaps something the assembly could address itself to.

There have been submissions made, on a voluntary basis, by some who feel they should be paying rent; they do not want to feel obligated to the assembly. Their submissions have been turned down, the cheques have been returned from time to time and so on. I think if we are going to have an unbiased press gallery, it cannot be beholden to anyone and in particular to the government. I think that would be wrong. That is my view.

Your last topic was the sword. I think I am right, and I stand to be corrected, that the amount of \$1,500 was put in the estimates, not for repair but for replacement of the sword. We had a very generous offer from a very outstanding maker of swords who stated that it would be happy to supply us with a sword free of charge. That offer came after the estimates were prepared. We may have a surplus in that area. I think we took advantage of that offer, did we not? The sword has not arrived yet, no.

Clerk of the House: The old one, if I may interject, is such a historic thing. It has been used since at least Confederation, and we have decided that it should be in the historic exhibit down in the main hallway.

Mr. Speaker: It is going to be on display with the mace. It is not going to be destroyed, thrown out or whatever.

Item 1 agreed to.

On item 2, office of the Clerk:

Mr. Stokes: I do not have too much. There is just one item, Mr. Chairman, "Assignment to Westminster—\$10,000." I do not know what that is. That is something new to me.

Clerk of the House: For a good many years, Westminster has been conducting a course, I suppose you could call it, for clerks from various parts of the Commonwealth. You have to apply about two years in advance for a placement in it. We did apply about two years ago and we did get a placement, fortunately. The Board of Internal Economy approved it. clerks from various parts of the Commonwealth. You have to apply about two years in advance for a placement in it. We did apply about two years ago and we did get a placement, fortunately. The Board of Internal Economy approved it.

The assistant clerk has gone and will be there from the beginning of February to April 19. He will work not only with the clerks of the House of Westminster but also with clerks from other parts of the Commonwealth in day-to-day workings and in the instruction and discussions. I felt, and I know the majority of members of the Board of Internal Economy if not all of them agreed, there was a great deal he could learn that would be of value to this assembly.

Mr. Stokes: I think it is an excellent idea. Will that information be shared upon the return of that person, for the same reasons I gave previously?

Clerk of the House: Oh, yes. He is going to

make a complete report to me when he comes back and I will distribute that report.

Mr. Stokes: Are you willing to say who is going?

Clerk of the House: Yes. Smirle Forsyth.

This sort of ties in with the interparliamentary relations we were discussing a while ago. I thought this might be a good opportunity to point out that just at the end of the last session, you will remember we had the Clerk of the House from the state of South Australia here for a period. Unfortunately, his stay was curtailed by the dissolution of Parliament and he had to hurry home. But Geoff Mitchell, the Clerk of the House, came in and worked with the staff for some time. He found it very helpful and enlightening.

Mr. Stokes: I have one other comment on the Clerk's office, and that is about the printing of the bills. Your office has been responsible for that now for two or three years?

Clerk of the House: No. It is a divided responsibility in that it is on the order of the Clerk that the bills are reprinted as amended and so on—

Mr. Stokes: But it is in-house now.

Clerk of the House: Yes.

Mr. Stokes: What has been your experience based on the way we used to do it and the way we are doing it now? What are the advantages?

Clerk of the House: The obvious advantage is that it is now where it belongs; it is a legislative function.

Mr. Stokes: You have finally come to saying that.

Mr. Speaker: We have complete control over it, and that is the way it should be.

Clerk of the House: The new format of the bills, for example, is a joint effort between the legislative counsel and myself. We worked this out together and it is much cheaper. The main thing is that it ties in with the production of the statutes. They can go right from this to the statutes without any resetting.

12 noon

Mr. Stokes: I am really pleased to hear you say that, because the conventional wisdom is that the private sector, regardless, can always be cheaper and more efficient.

Clerk of the House: Wait a minute, though. Noble Scott is still doing the printing. It was bought out by Howarth and Smith and now they are simply a division of Howarth and Smith. It

still does the actual printing, but the control is completely in the Legislature now.

Mr. Speaker: Let us not be too hard on the private sector.

Item 2 agreed to.

Mr. Chairman: We will skip item 3 because we will be dealing with it this afternoon.

On item 4, Hansard:

Mr. Chairman: Does anyone have any questions on item 4?

Mr. Sheppard: Are we talking about office space in this building?

Mr. Chairman: No, we are dealing with the Hansard reports now. You will be able to ask that question when we deal with item 7.

Mr. Stokes: It would be a shame to have Mr. Brannan sit here all day and not ask at least one question of him.

Mr. Speaker: I am sure you will.

Mr. Stokes: I feel compelled to.

I think it is a branch that is absolutely essential and one that provides yeoman service. I know that on past occasions we have had some difficulty. I do not think those difficulties were the making of Hansard. Perhaps we, as an assembly, were more responsible for any problems we had. I suppose the member for Essex South (Mr. Mancini) will recall even more troubled times.

In general terms, I would like to ask Mr. Brannan what has been the result of the effort to streamline the operation and what he requires in order to do an even better job with regard to the time it takes, not so much for Hansard to be on our desk reflecting what goes on in the House, but whether we can speed up the printed word with regard to committees. Do you have any plans where you can streamline that and make better use of the personnel you have now? Do you have any plans, or are you remaining static?

Mr. Brannan: Thank you, Mr. Stokes, for your kind words. We do have some developments we think will help along the lines you have mentioned. As a matter of fact, just to straighten the record somewhat from your remarks this morning, recently we have withdrawn our committee section from the Whitney Block. We have now consolidated and have everything back in this building. There has been some slight reduction in staff over the last couple of years through attrition and we have now consolidated the operation back in this

building. We have all the staff and the plant back in this building.

That in itself has given us the chance to use the people more efficiently. Previously, if the committee branch got behind, it was a little bit of a problem transporting equipment, tapes or people. Therefore, sometimes things got left until the next morning. Now we have everybody working together. It think it is improving morale. It is enabling people to get on the job more quickly and do the work more efficiently. I hope that will speed up our part of the production of committee reports.

Another thing we have done that will speed up the production and the eventual delivery of the printed report is that we have recently tendered the Hansard printing contract and we have closed up the delivery times for the committee reports. We should get them back within three days of the transmission of the copy. In the past it has sometimes been up to 10 working days for the printing. The contractor is now committed to a much faster turnaround time. I think those two factors together will help to speed up delivery.

It will not affect the House too much, because we are just about at the fastest delivery we can get on the House without producing the printed report the same night the House has sat. That would not give us the opportunity of getting back to members to query for corrections and so on. We would like to keep that time lag. We get the Instant Hansard out very rapidly, of course, but we delay 24 hours for the printed version.

Mr. Stokes: Thank you very much, on behalf of all members. It seems to be working very well.

Mr. Chairman: Any further questions of Mr. Brannan?

Item 4 agreed to.

On item 5, sessional requirements:

Mr. Chairman: Mr. Sheppard, you had a question I believe you wanted to deal with under sessional requirements of this office.

Mr. Sheppard: The question I was going to ask is, would it be possible for Hansard to operate in a different building, outside of Queen's Park, if we needed more accommodation in this building? It was mentioned earlier that there was a possibility there could be more seats added for the next election. I was just wondering if the Speaker has ever thought about it. I think it would be unhandy if Hansard did move out of the building.

Mr. Speaker: We have thought about many things, and that is one of the topics that has come up. I think it would really not be advantageous to have them move out. It would create more problems than it would solve.

Mr. Chairman: Anything further, Mr. Sheppard?

Mr. Sheppard: No.

Item 5 agreed to.

Items 6 to 9, inclusive, agreed to.

On item 10, constituency offices:

Mr. Sheppard: I have one question. Does it make any difference where your constituency office is?

Mr. Nixon: You cannot have it in your house.

Mr. Sheppard: The reason I ask is that I have just moved into Victoria Hall and after I moved I found out I am going to be next to the Attorney General's office, the crown attorney's office. It is moving into the same building, and after I moved two or three people questioned me on it. I do not see a problem, but I would just like to ask the question.

Mr. Speaker: The selection of a constituency office is solely the responsibility of the individual member. Just to put your mind at ease, if you are worried about a seeming conflict, some members do rent space within government buildings, even the town hall. That is no problem as long as the member is satisfied with it.

Mr. Sheppard: I would just like to mention that we officially opened two weeks ago and the Governor General was there. It is 123 years old and it is classed as one of the most historical buildings in Canada. I would like to invite you all to have a tour of it some day.

Mr. Speaker: That would be delightful. I am not sure I understand the kind invitation, whether the honourable member is going to take us all down, supply lunch and bring us back. Was that your intent?

Mr. Sheppard: I could supply the lunch, but you would have to find your own transportation.

Mr. Speaker: We might be able to do that. Thank you very much.

Item 10 agreed to.

12:10 p.m.

Mr. Chairman: Item 11 will be left until after lunch.

On item 12, legislative library:

Mr. Mancini: Mr. Chairman, I was just wondering if we could know the types of

specialties we have in the research department of the library. Who is the right person to ask?

I know you have different specialists in the library in different fields; you have a lawyer and different people. I was wondering if all of the fields in which the members are interested are covered, or whether you need to bring in specialists from other fields to service the members. Have you had any complaints or any inquiries from members as to possibly a need in different areas?

Mrs. Dickerson: I think it is fair to say we have not had any complaints about the specialties. I can give you an overview of the specialties we now have: we have an historian, a sociologist, three lawyers, an environmentalist, someone with hard sciences and public administration, someone with a background in urban planning and two economists. I think that probably covers it.

What we attempt to do when we are recruiting for the research service is to look for people who have more than one area of specialization, or at least a facility to work in more than one area. We obviously do not have the same resources as the Library of Parliament. They have a much larger service, so we do have to spread the specialties around. It is also hard to predict what members will want.

I think the research service has done an excellent job in trying to cover all disciplines in which there may not be a subject specialist. In our recruitment we are always looking to fill in gaps. For instance, we had a great deal of difficulty trying to recruit economists, and number crunching and economic analysis have become increasingly important.

Mr. Stokes: I would like to ask if you could give us a very brief statistical rundown generally on the number of members and their staff who use the library and the nature of their inquiries. Do you feel that, for all intents and purposes, members are not making the best use of those excellent facilities, both library and research?

Is there a service you provide or information you have available that you feel is not being utilized to the extent that it could be? Or do you feel that in some areas the facilities and the personnel you have are being overtaxed? Could you sort of rationalize those two things for me?

Mrs. Dickerson: I apologize, Mr. Stokes. I had expected that Linda Grayson would be able to join me at the table and she is not here as yet, so I do not have the absolute numbers. What I can say in general is that, first, I would make sure that you do get numbers if you are inter-

ested and, second, over time we are finding an increasing number of members are making use of the services. There have been members who have used the service from the beginning and who continue to use it, and there continue to be members beginning to use the service who have not used it before.

The subject scopes that we cover range the complete waterfront. Some are brief papers of one or two pages, a summary of a particular topic; some are a considerably longer and more thorough review of a topic.

We have prepared papers for members who have been attending things such as the Commonwealth Parliamentary Association, giving them background papers that would facilitate their participation in the meetings. We have been giving a great deal of support to a number of committees of the Legislature, for instance the social development committee in its study of child abuse and wife battering, to name one. I do not know whether I have answered everything.

Mr. Stokes: What kind of requests do you get from members or support staff which give you the most difficulty, that you either feel are inappropriate for your staff or that strain your competence?

Mrs. Dickerson: I think it is fair to say that we have not received any requests we would deem inappropriate. Obviously, if we do not have a subject specialist in a particular area it is harder for us to give a very thorough overview of it. The time constraints can often be very tight, so what we promise is the best 24-hour paper.

We do our very best to try to get the information the members need. As I say, if you do not have an economist on board you are going to lack a certain depth in doing an intensive paper on a subject of an economic nature.

Mr. Stokes: You are saying that it is working well and any funds you have requested from the Board of Internal Economy have been made available and, as far as you are concerned, it is business as usual?

Mrs. Dickerson: Yes, I think we have been well supported. In truth, the research service is heavily taxed. They work very long hours and very often there are conflicting time frames, but I think they have done what they could with the resources they have.

Mr. Stokes: So we are reasonably happy?

Mrs. Dickerson: I think we would be happier with more staff, but we are aware of the restraint problems and work within those.

Mr. Stokes: I am sure all other members are happy and appreciative of the work you people do and the support you are getting from the Office of the Assembly through the Board of Internal Economy. Thank you very much.

Mr. Nixon: I just want to say how helpful I find that periodical service to be, where we get the indices of various publications and we just indicate the things we want. I think of people in the constituency, for example, in the farm equipment business, and I can look down in the various business things and if something comes out about International Harvester or something we get the copies of the articles without having to peruse the literature.

The other side of that, from my point of view, is that quite often the new periodicals are not there. If I send over for the most recent copy of some intellectual journal like *Punch*, I get it from about six months ago. Actually, I think we have talked about that personally to the periodical people over there, so there is no real problem with that.

Frankly, I would sooner have the periodicals out on that big bench than the weeklies from around the province. I think there was a time when the members would come down here and, coming from any significant distance at all, they would be here for two or three weeks at a time and they would count on their weeklies coming in to keep in touch with what was going on back home. I do not think that is the case now.

It also applies to the dailies. If I want to go in and check the Brantford Expositor or the *Paris Star* I know I can find those, but we use a lot of space to spread those all around. It is very impressive but, frankly, I would sooner see the periodicals there. I like to have a better ready access. You get into those files at the end with the little boxes and, honestly, with my bifocals, I cannot find my way around there. Unless you are going to put it in Braille or something, I cannot find my way around those periodicals.

Mr. Sheppard: You need new glasses.

Mrs. Dickerson: If I could just comment on that, in the last four months we have been looking at a filing system that would allow us to file the weekly newspapers in a more consolidated form so we could get the periodicals on display—

Mr. Nixon: I would like that.

Mrs. Dickerson: —because it really is a disadvantage.

Mr. Nixon: It certainly is and I would support you in that.

Mr. Mancini: I have just one further question. I should have brought it up earlier when I was talking about specialists. It does not appear we have a specialist in the labour relations field and I was wondering if any thought was being given to this. It would be a good service to the members of the assembly—and much needed—to have such a specialist. Is that under consideration or would you consider that?

12:20 p.m.

Mrs. Dickerson: I perhaps did not explain that when we have a limited number of staff and a limited number of new positions, we have to recruit in particular areas to try to fill those gaps. We did run a competition in the late spring for some research officers and labour relations was one of the disciplines we were looking for. I think it is fair to say we did not have anyone apply who had appropriate qualifications to be considered a specialist in labour relations. I will certainly communicate your concern to Linda Grayson.

Mr. Speaker: Mr. Chairman, just before you pass this item, I would like to express personal thanks for the services which have been supplied to all members, and myself in particular. As recently as the Saskatchewan conference to which I alluded, the information supplied to me was extremely well prepared and very helpful. I made extensive use of it. I should have written a letter of thanks but I did not. I would ask you to convey my thanks to those people who were involved. They did a tremendous job.

Mrs. Dickerson: Thank you very much.

Mr. Kennedy: Could I add, Mr. Chairman, I left the meeting here to go to the library to obtain a service and they cheerfully agreed to provide it; so it touches us all. Thank you very much.

Mrs. Dickerson: Thank you.

Item 12 agreed to.

Mr. Chairman: We will adjourn until two o'clock, and deal with item 3 and item 11.

The committee recessed at 12:22 p.m.

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 Eakins, J. F. (Victoria-Haliburton L)
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 Stokes, J. E. (Lake Nipigon NDP)
 Turner, Hon. J. M., Speaker (Peterborough PC)

From the Office of the Assembly:

Brannan, P. A., Editor of Debates, Hansard Reporting Service
 Dickerson, M. E., Head, Information and Reference Service, Legislative Library, Research and Information Services
 Fleming, R. J., Director of Administration
 Lewis, R. G., Clerk of the Legislative Assembly
 Miggiani, J. M., Finance Officer, Office of the Director of Administration
 Turner, Hon. J. M., Speaker



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Office of the Assembly

Third Session, 32nd Parliament

Wednesday, October 19, 1983

Afternoon Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, October 19, 1983

The committee resumed at 2:04 p.m. in committee room 1.

ESTIMATES, OFFICE OF THE ASSEMBLY (concluded)

On vote 1001, Office of the Assembly program; item 3, chief election officer:

Mr. Chairman: Committee members, I see a quorum. Would the honourable House leader agree with me?

Mr. Nixon: Yes, I agree.

Mr. Chairman: Then we will call on the office of the chief election officer. Mr. Bailie, if you two gentlemen would introduce yourselves, maybe you have a few brief remarks that you would like to make.

Mr. Bailie: Thank you, Mr. Chairman. My name is Warren Bailie and I am the chief election officer. I have with me today the chief election accountant from the office. In my opening remarks I would like to point out that the office of the chief election officer, in accordance with the act, funds its payroll entirely from accountable warrants, with the responsibility to have that funding approved by the general government committee.

The Office of the Assembly takes on the responsibility of handling the payment of those salaries for us and bills us on a once-a-month basis. If there are any questions, we would be glad to answer them.

Mr. Chairman: Are there any questions from the committee?

Mr. Nixon: Mr. Chairman, the only thing I thought I might like to ask Mr. Bailie is if he could give us a report as a member of the Ontario Electoral Boundaries Commission. It is not exactly on this vote but I just thought that our colleagues might be interested if there is anything that you can say about your work in that respect.

Mr. Bailie: I would be glad to tell you I am enjoying the work in some ways. In other ways, I wish I had the wisdom of Solomon. We are going to need it before we finish this work and try to please everyone.

Mr. Nixon: You are going to carve up a few babies.

Mr. Bailie: The work is going well. I am pleased about that. The other two commissioners seem to be very attentive and we are meeting once a week. As a matter of fact this week, depending on the amount of material, we may be meeting for two days.

I would say that we are a little ahead of what I expected in the way of progress. I expect that about the end of February or the first of March the proposal will be advertised and the sittings will take place in the spring. That is as it looks now.

Mr. Nixon: So your staff is working over the maps and the population figures and so on. You meet with them on a weekly basis to give them direction on any problems they may be having in delineating new constituencies under the terms of the resolution?

Mr. Bailie: Yes, as a matter of fact I would like to make it clear that one member of the chief election officer's staff and one member of the office of the commission are working on it as technicians. These are the same two individuals who worked on the commission the last time and did the technical work.

The way the work proceeds is that the commission gives directions to the technicians. Based on the resolution, they do the technical work and then bring it back and report to the commission every week. Depending on the scenario, they may go back one, two or three times on a particular set of electoral boundaries. They do the technical work based on the resolution guidelines, then the commission goes over it and says, "Perhaps you should take into account this and adjust that." Then it is reworked.

Mr. Nixon: So we should see the result of that by way of advertisements to the public in the early spring?

Mr. Bailie: Yes, I would say so.

Mr. Nixon: What kind of time are you scheduling for hearings?

Mr. Bailie: At the present time, the commission is thinking in terms of 10 sittings across the province. I would expect that would probably take place over a period of six weeks.

Mr. Nixon: Ending when?

Mr. Bailie: If it starts on time and all goes well, I would say ending the first week in May. It is almost one a week.

Mr. Nixon: Then you would digest the recommendations made to you, make whatever changes you feel are appropriate on the basis of those recommendations and then the report is made to Mr. Speaker and the House deals with it. Is that right?

Mr. Bailie: Right.

Mr. Stokes: Mr. Chairman, I would like to ask Mr. Bailie if, in preparing yourself for a redistribution of electoral boundaries, anybody has suggested that over and above what seems to be a general commitment to maintain the status quo in terms of representation north of the French River, notwithstanding inequities in the representation-by-population formula where your mandate—if I read the resolution correctly—will not recommend any fewer than the existing number of seats north of the French River, that being 15. You will know that at one time the total number of seats was 107, then it went to 115, it is now 125. The representation north of the French River has remained fairly constant. I understand that is your instruction, in very general terms, to the commission.

2:10 p.m.

In a contribution to a resolution the Minister of Northern Affairs (Mr. Bernier) made last night in the House, he felt it was entirely appropriate that we should now be looking at a new constituency, probably north of the 55th parallel, or going all the way up to Hudson Bay and stretching from the Manitoba border to the Quebec border. Have any representations been made to your commission to entertain that kind of realignment in order to reflect the demographic realities in that part of the province?

The minister seemed to say that was one way to ensure that we had at least one native member in the assembly. I know the federal commission looked at that in terms of the electoral boundaries for all of Canada but when it saw what the population figures were it quickly abandoned that. Have you had any discussions in that regard within your commission?

Mr. Bailie: Mr. Chairman, through you, no, Mr. Stokes, that is the first I have heard of it. It is an interesting idea. I suppose it has some merit but we have had no representation along that line.

Mr. Stokes: What I want to ask you—and this is something of recent vintage that was brought to my attention by a constituent—because we

are much more aware and alert to the needs of disabled people, and I suppose it is fair to say we are much more responsive to their needs, as the chief election officer have you had any inquiries about polling stations that are physically accessible to everyone, including those in wheelchairs?

I am sure you are aware of a good many instances, as are all members, particularly the member for Windsor-Walkerville (Mr. Newman) who has been talking about this in a much more general way. Are you doing anything to ensure that polling stations will be chosen with that in mind? I know in our community you used to have to negotiate about 20 stairs down into the basement of our town hall. We have advanced from that now and are holding it in school auditoriums. But there are still a lot of barriers to people with physical infirmities getting to vote. Has that been brought to your attention at all?

Mr. Bailie: Yes, as a matter of fact, one of the strongest representations I have had is from the former chief election officer, Mr. Lewis. I am sure you are all aware this was something he has given a great deal of thought to. It had always been my instruction, before I became chief election officer, that we were to proceed as quickly as possible and make all polling stations barrier-free and with good access.

That is a very important goal and we embrace it. However, it is going to take some time to achieve it. We do agree and we have had representations from different groups of people representing the handicapped. It is a goal of our office that we are going to work towards barrier-free polling stations.

Because of the fact that we have 125, 128 or 130 electoral districts—23,000 to 24,000 polling stations—it is a job that is going to take a while to complete. We do embrace that philosophy and are working towards it as quickly as possible.

Mr. Stokes: Would it not be reasonable for you to say one of the criteria for the establishment of a polling station is that everybody would have equal access? It is not beyond the wit or wisdom of people to insist on it.

Mr. Nixon: What about curb service?

Mr. Stokes: Bring the box out.

Mr. Bailie: We had a meeting at Queen's Park yesterday discussing that very subject.

Mr. Nixon: Did they convince you?

Mr. Bailie: I was trying to convince someone else, actually. I am in favour in most cases where—and I know Mr. Lewis has been sympathetic, as I said earlier, to the views and the

needs of the handicapped—for whatever reason, the poll is not completely accessible and barrier-free, that there would be provisions with the agreement of all scrutineers to take the ballot box to the curb.

Mr. Stokes: What would be the mechanism of that? Could you not simply issue a directive on something that seems so straightforward? Surely you would not require an amendment to the Election Act in order to accommodate that?

Mr. Bailie: No.

Clerk of the House: Mr. Chairman, if I might assist for just a minute, the act as it reads now says that the box must be placed on the table or in a similar raised position at the beginning of the day and remain there until the close of the polls.

Mr. Stokes: Carry the table out.

Clerk of the House: We have done that.

Mr. Nixon: The voter does not put the ballot in anyway.

Clerk of the House: What we have done on a number of occasions over the years is, with the concurrence of the scrutineers who were there, to take the box out to the car and make the car the polling station, as it were. The person would mark the ballot and then hand it out to the returning officer who would be there with the scrutineers to drop it in the box. We have done that on a number of occasions.

On several occasions we have done just what you suggested and taken the whole table and everything out. We have done everything within the present terms of the act. As Mr. Bailie was kind enough to mention, from the time that I started on the election work the thing that interested me most of all was the facilitating of the voting by the handicapped. Progress was terribly slow, especially at first, because we did not have continuing returning officers. No matter what instructions I sent out, not too much attention was paid to them because—

Mr. Nixon: They did it like they had done it before anyway.

Clerk of the House: They were hired on an ad hoc basis and they did it as they had done it before, as you say. But once we got the continuing returning officers, I kept harping at them that we did not want the polls, for example, down someone's cellar where people would have to go down the cellar steps and could bump their heads on the furnace pipes and so on. We wanted as many as possible on the ground level. If that means grouping four or five polls, so be it.

As Mr. Bailie says, there are so many thousands in so many different parts of the province where facilities differ, so it has been difficult.

I wanted it put in the act that all advance polls must be in places accessible to wheelchairs; must be. Of course, the act has provided for some time that any handicapped person can use the advance poll. One of the members of the committee at the time thought that was not always practical and insisted on putting in the words "wherever possible" or something like that. Some of the returning officers just used that as an excuse.

2:20 p.m.

Mr. Stokes: It is still a problem; otherwise, I would not be having it called to my attention.

Clerk of the House: Before the last two elections I supervised, I sent out instructions that I did not care about these words "wherever possible" in the act. They must have their advance polls accessible to wheelchairs.

Mr. Eakins: Just a supplementary to Mr. Lewis. Do I understand that in past elections it has been possible for handicapped people to be served by a box taken to them—wayside service, as Mr. Nixon says?

Clerk of the House: We have done so. When they have called about a specific case where there was a hardship and there have been scrutineers there and the scrutineers have agreed, yes, we have done so.

Mr. Eakins: That then is in effect. It is not known in my riding that the service is available.

Clerk of the House: It has been done on a number of occasions.

Mr. Eakins: And it can be done again?

Clerk of the House: Yes. In fact, I would hope that the act would be amended so as to permit that sort of thing as a matter of right.

Mr. Stokes: I have one other question. You have an item here, "Recoveries from other activities: \$383,400." What does that mean? Increased recovery of salary and benefits?

Mr. Bailie: I would ask Mr. Miggiani to answer that.

Mr. Miggiani: It is an increased recovery over last year, Mr. Stokes.

Mr. Stokes: What kind of recovery?

Mr. Miggiani: We provide a payroll service to the election office and the arrangement is that we pay them and we collect from them. We collect every cent from them and we bill them every month. We have calculated their salaries

to be in the neighbourhood of \$384,400 and we would be collecting \$383,400 from that by the end of the year. The \$1,000 remaining there is simply a token amount to permit the printing of that estimate so that it can go through the House. It will also give me the authority to disburse the Legislative Assembly money before I collect it.

We collect all of their salaries and they charge it to their accountable warrant.

Mr. Stokes: To whose warrant?

Mr. Miggiani: To their own warrant.

Mr. Haggerty: I have one question that relates to the size of the ridings. I understand that there is some flexibility and that it can vary by 10,000, 15,000 or 20,000 constituents. I do not know how you establish the criteria but I am concerned, for example, about the riding of Erie, especially about a large number of cottage owners along the lakeshore who are Americans, although some may be landed immigrants.

That population is not taken into consideration, yet the municipality has to supply all the municipal services and the Drainage Act applies to everything. Is this taken into consideration when you arrive at the whole numbers?

Mr. Baillie: Yes, the general population is one of the main guidelines, but in several areas in the province that do have a large summer transient population it is taken into consideration. I cannot tell you what, in the minds of each one of the commissioners, priority they place on this, but it is definitely given consideration.

Mr. Haggerty: These people would not even be on the voters' list.

Mr. Baillie: We go by the population.

Mr. Haggerty: You go by the population. For example, the town of Fort Erie has 25,000 residents, but in the summer months they say it moves up by an additional 15,000 people. That is just in one municipality. Then there is the city of Port Colborne and the township of Wainfleet where there are a lot of American owners. Some of the residents are there for six or seven months a year.

When you make inquiries about the population, you could go to the census for the city of Port Colborne or the Canada census, but I do not think you would find those people listed.

Mr. Baillie: That is probably a good point, because that area has been discussed, and the chairman of the commission is very knowledgeable about the peninsula area and the Lake Erie area. I can remember that being mentioned

about the large population which it is viewed a member must serve, even though they may not be voters.

Mr. Haggerty: That is the point. They have changed the federal boundaries in that area and I am sure that point was not taken into consideration. If it had been there would have been some compatibility between the two members of that day who represented the federal House and the Ontario Legislature. As it is now, you get some of these cases where the boundaries have been changed and it causes bitterness within a community; it just divides up the whole community.

Under the changes to the federal boundaries the town of Fort Erie would be split right in half and nobody can understand the reasons for this. I hope that if you are considering any changes in that area, you will not take the approach of dividing up a municipality.

It is bad enough in that area to even have them come together under regional government and then you divide them and go back to the old towns of Bertie and Fort Erie. The people are up in arms and are saying, "Are you going to come together or are you going to divide them again?" It does not make much sense and it causes some hard feelings in all the political camps, and in the voters in the community.

I suppose this would also apply to the riding of my colleague the member for Windsor-Walkerville (Mr. Newman), where there are a number of Americans in certain areas over there. I am thinking of Rondeau Park and places like that, and up around Grand Bend. These things should be taken into consideration and the summer residents should be included as part of the population.

Mr. Baillie: I will certainly keep that in mind. I think you raise a good point. The census figures would not reflect those numbers. I have heard it discussed in the case of Erie and of some other parts of the province.

One of our main guidelines is to keep in mind municipal boundaries and, wherever possible, you are not going to find large towns divided in half. Of course, the city of Toronto is going to be divided into eight or 10 because it is huge, and Hamilton will be four or five ridings and Windsor four or five. However, we are not going to cross municipal boundaries unless it is absolutely necessary and I will keep that in mind.

Mr. Newman: Mr. Chairman, some of the comments that I was going to make have already been made by Mr. Stokes. One that I

would like to make though is that in the advance poll, an individual should have the opportunity to have the polling box brought to him, as the Clerk has already mentioned. However, I think you have to publicize that because in the last election, I saw quite a few elderly ladies who had difficulty manoeuvring from the car to go into the polling subdivision, even though it was on level ground and only one step up.

Clerk of the House: If they can get it into the act, then of course they can publicize it properly.

Mr. Newman: There is another comment and that is the accumulation or the positioning of too many polls in one building. Sometimes they are put in a school and you have one poll here, 20 feet away there is a second, another 20 feet away a third and, if I am not mistaken, I have seen as many as eight polling subdivisions in one school.

The bad feature of that is people have to travel that much farther now, and especially when it is in an urban area and if there are a lot of elderly people in the area, you are just making it that much more difficult for those individuals to exercise their franchise.

Clerk of the House: If I might just usurp the prerogative of the chief election officer for a moment, in view of the fact that these things happened under my regime, that was exactly the way we dealt with the point raised by Mr. Stokes—to get away from going down into people's basements or going up a long flight of stairs and so on. The only way the returning officer could do it was by grouping polls in a ground-level building.

Mr. Newman: There is nothing wrong with that, but I have seen them put in basements of homes.

Clerk of the House: Oh, no.

Mr. Newman: I have seen them and that is a real disadvantage.

2:30 p.m.

The Clerk of the House: The idea of having them grouped was to get them on the level.

Mr. Newman: I can understand that. Remember, though, not everyone has an automobile to get to a polling subdivision during an election. But there are generally enough schools in an area so that instead of putting in eight polls in one building, you could put in three or four and scatter the others.

The Clerk of the House: I understand that they can get transportation from the parties.

Mr. Newman: I have no more comments.

Mr. Bailie: I would just like to say to Mr. Newman that that is the other side of the coin. I am aware of that, and I agree with him that some returning officers, in trying to respond to the concerns expressed by Mr. Stokes about stairs and so forth, will go to a public building where there is level access and because there are fewer public buildings by far, of course, than homes, they start grouping.

It is something that I am aware of, and my staff would tell you if you asked that I have been very strong about the large groupings. I do not like to see any more than four or five polls in one place. There are exceptions to it, but we are also working on that. We are aware of it, and I agree that it is something that needs to be watched.

Mr. J. M. Johnson: Mr. Bailie, I am not sure if I can totally agree with you. I have one community that has about 15 polls scattered all around the municipality and no one knows where to go. Another smaller community has all the polls in an arena. Everybody in that village knows that they just go to the arena and all they have to do is put six or eight polls for that village in there.

I think that the returning officer should have that right. He knows the community, and he should have the right to determine what best suits the purpose. In one village, everybody seems quite content to go to one place to vote.

Mr. Bailie: I am aware of that one village, and I am surprised at the number of polls that are in one arena. As a matter of fact, I said to the returning officer that I would not have approved this had he asked me, but you assure me that the municipal, provincial and federal elections are held this way and I presumed the fact at the time. There are about 14 polls in one arena. It has a big parking lot surrounding it, and it seems to suit everyone.

But I pointed out to the returning officer that if I get any complaints, I am going to have to talk to him about it. My concern, of course, is about someone who does not drive and may not want to identify with any of the parties. How do they get to the poll when it is away downtown? So far, we have had no complaints about that town, but I am watching it.

Mr. J. M. Johnson: There is another point. In a community that has 27 polls in houses and elsewhere, there is always the implication that they are receiving dollars for having a poll while one has to go upstairs or downstairs. I agree with having them in the public building. The dollars are going to the community rather than to individuals.

Mr. Eakins: I just want to voice my view that a member is elected to serve the people and I find that rather difficult if the commission—I realize that you try to arrive at a certain population in a riding but, you know, the population really is not that important when it comes to getting around to serve the people.

For instance, if I lived in downtown Toronto I would park my car and it would be a breeze to walk around and service the people there because there is a concentrated population. However, I have a riding which I know is not as large as Mr. Stokes's and others but it is 150 miles long. We do not have a large population, but there is someone living in every corner.

There is not a lot of crown land where you can go for miles and there is no one. There are people living in all corners of that riding which starts just at Bowmanville, you might say, on Highways 115/35. It goes right up to Dorset; in fact, you go out of the riding to come to Oxtongue Lake near Algonquin Park.

Now, to serve the people and to do the job one is elected to do is pretty difficult. It is a lot of driving. I just suggest you keep in mind, in any re-forming of the boundaries, that plan to arrive at a population and take another area from somewhere else to make up that population. I just do not think that it is the ultimate approach or the popular approach because some members have a much smaller area—some can say their riding is only 27 miles long or something like that. But it is very difficult if you have to do a lot of driving. So I just do not think that population should be the total answer to the problem.

Mr. Bailie: Population, of course, is the first criterion; the scarcity of population, communication links and transportation links are just as important in our view and they are considered.

Mr. Eakins: You see, if I am going to cover part of the riding, it is almost an all-day jaunt. One has to set aside a day to get up to Dorset, which is the boundary. The main street divides Haliburton and Muskoka. Then one goes out of the riding into Muskoka up to Dwight and Highway 60 to reach Oxtongue Lake and that is just on the edge of the park.

Interjections.

Mr. Eakins: It is a priority, and I would like to have more people there. But every corner of it has to be serviced, and I just do not think that to make up that population you have to keep looking further for extra territory to do it.

Mr. Bailie: We have several criteria. Numbers are certainly not the only criterion but they do have a strong influence. We keep others in mind. I know the chairman of the commission will be very familiar with the area you represent.

Mr. Eakins: Maybe many of the members of the commission have cottages up in that great country. It is very beautiful country. But it is not an area that is fast-growing, where we have a great influx of people. It has a big summer population, though. I must tell you there are a lot of people to service there because with the activity of the cottage associations now, with Haliburton and Muskoka combined, it is probably the main area of cottage concentration in the whole country.

Mr. Bailie: We will keep that in mind.

Interjections.

Mr. Chairman: I think what Mr. Johnson has said should be discussed at the time the commission is dealing with it in the various areas. It is a very good point.

Mr. Haggerty: I just have one more question on which we can get perhaps some consideration from the committee members. Often during the provincial elections there are problems and difficulties in enumerating a municipality or a whole riding. We talked to the people who have to go out in the field and there are a number of difficulties, and mistakes and errors are made because of the haste in which it has to be done to be completed within a certain period of time.

Mr. Nixon: Never given it a thought.

Mr. Haggerty: Never given it a thought. Has the commission ever considered or have you had any dialogue with any other groups or political parties about changing the methodology in enumerating, to do as is done in other countries?

I have Australia in mind in particular, where one has to go out and appear; even in the United States, if you want to cast a ballot and exercise your franchise, you register first. If you look at the results of the elections here, there are a number of persons who are not even interested in voting.

Members could be knocking on doors and sometimes some constituents are pretty bitter about it. They do not want anything to do with it. I suggest to you that if there is preregistration to exercise one's franchise, perhaps it would cut down on the cost of elections.

Mr. Bailie: First, as you would expect, as a

public servant I have studied very closely the system of registration as used in British Columbia and the United States. I have been down to Erie, Pennsylvania, and other places studying it in case the Legislature did want to consider another form of voter registration.

My studies indicate that it is not less costly, but costs a great deal more, because you must remember if you have a permanent list, which is what they operate on, it must be maintained between elections. That cost is much more than it costs for enumeration done two or three weeks before election day.

2:40 p.m.

However, I am not suggesting that enumeration is perfect. We just believe that, despite its fault, it is the best system. We have American colleagues suggesting this. I remember Richard Scammon, the director of the Elections Research Center in Washington, DC, who is a world-respected authority on elections, saying on more than one occasion: "Never get rid of your enumeration system. It is way ahead of our registration system." That was just his view, but many people believe it is the best system.

It does not really cost more, because the costs are all centred in a two or three-week period. With registration, you have to maintain and upgrade those files and do checks on them. Over a four-year period, I think you can appreciate that this would soon add up to more than enumeration. I do not know.

Mr. Henderson: I was interested in Mr. Eakins's statement. Did I understand you to say that up at the north end of your riding the dividing line is the main street of a little town?

Mr. Eakins: Of Dorset, yes.

Mr. Henderson: That brings up a point that has always concerned me about riding boundaries. Here is the town of Dorset with about 1,000 people and they are in two different ridings.

Mr. Eakins: Probably not 1,000.

Mr. Henderson: I do not care whether it is 1,000 or 1,500. It seems a little unusual to me that we could not look at the municipal boundaries instead of splitting up a small town, a village of 1,000—I will say 1,000, and you might tell me it is 2,000, but I will say 1,000—and splitting the main street into two different ridings.

The proposed federal redistribution in the county of Kent—a pretty good county and Bernie Newman lives very close to it—is possibly entitled to about one and a half federal

members and is going to be in seven different federal ridings. This, to me, is very unfair. I would hope there is some guideline within your minds for looking at the municipal boundaries. What do you look at there, in that county?

Mr. Bailie: I would point out that one of the guidelines is that we respect municipal guidelines wherever possible. But take a town like Cookstown, which I am sure many of you are familiar with. It is a small village with maybe 800 people but it is in four different counties. There is the county boundary—

Mr. Chairman: There is only one county.

Mr. Bailie: Are you sure?

Mr. Chairman: Yes.

Mr. Bailie: Four townships, is it?

Mr. Chairman: Four townships.

Mr. Bailie: Four townships, okay. It is in four different townships, so the township is a municipal boundary which we try not to go over. Then there are the county boundaries and the municipal boundary. Between the four, all of which we are trying to respect and keep one place separate from another, it does present some difficulties.

Mr. Henderson: I was just going with what Mr. Eakins said, and I am sure all the members representing a sparsely populated area would support Mr. Eakins. Although my riding is not sparsely populated, it would take me four to five hours to drive around it. Meanwhile, you could walk around the riding of Sarnia, my next-door neighbour, in the same length of time it would take me to drive around mine. Even if Bernie Newman is here representing a big urban area, I really think there has to be a lesser population in the more sparsely populated—

Mr. Stokes: If you think Mr. Bailie has a problem regarding riding boundaries, I would like to invite you to leave my home town by car, go 80 miles west and get into the riding of Port Arthur. From there, you travel for 40 miles through the riding of Fort William and after a further 30 miles you pick up on my own riding again at Shabagua. You then drive 100 miles to English River, where you get into the Rainy River riding. Next, you travel up for 30 miles, go 40 miles north, and get into the riding of Kenora to get back into my own riding again at Savant Lake.

You then travel another 30 miles and get into Kenora riding to get back into my own riding at Osnaburgh and Pickle Lake. You tell Mr. Bailie how he is going to justify 15 seats in northern Ontario without going through the gymnastics

of trying to set riding boundaries to satisfy some criterion of representation by population.

You talk about going north of Dorset to get to a little pocket of population and it takes him half a day. When I go from my home town to Pickle Lake it is a five-day trip. If you think all he is going to do is sit in his office and draw some lines on a map and satisfy everybody, take a trip through my riding with Warren Bailie and tell him how he could do it any better.

Mr. Henderson: I think Mr. Stokes would agree that where they could recognize municipal boundaries it would be a more fair representation to the people, that is all.

Mr. Eakins: It is an exceptional case and Jack is an exceptional member. I was simply making the point that you do not just add territory to make up the population. I think there is a time when you can or cannot serve the people properly. I know that Jack has a huge area to serve.

Mr. Chairman: Mr. Kennedy, you had a question.

Mr. Kennedy: Mr. Chairman, I was going to ask if Mr. Bailie could enlighten us about proxy voting practices in other jurisdictions. I am thinking specifically of the last election when so many people took off for Florida during the campaign and missed both advance polling dates. Do any jurisdictions have affidavits or certificates?

Mr. Bailie: Some of the other provinces have absentee ballots. The feeling is they do not work well. It is going to be my recommendation that proxy voting be open to anyone who is unable to attend the advance poll or the regular poll.

Mr. Kennedy: Any time between the issuing of the writ and election day? So perhaps you would not even have a candidate, but you could cast a ballot.

Mr. Bailie: You would apply for a proxy, you see.

Mr. Kennedy: It should be not beyond our capacity or power to do that. Certainly we did it with the military and still do it. We still have the soldiers' vote do we not?

Mr. Bailie: They can vote by proxy.

Mr. Kennedy: That is what I mean.

Mr. Bailie: They are one of the categories.

Mr. Kennedy: Today an Ontario soldier serving in Germany can vote in a provincial election—

Mr. Bailie: By proxy.

Mr. Kennedy: —by proxy. What is the time frame for those?

Mr. Bailie: What it really amounts to is, in the 37-day period, or 44 in winter elections, he must apply for the proxy and appoint someone to be his proxy and get it to the returning officer to be certified in time to get a voting certificate.

Mr. Kennedy: So within a time frame of weeks he can file. If his candidate has not been named, he can wait until he is and it is all set to go. That is all we need. I certainly endorse that.

Mr. Chairman: Any further questions on item 3?

Mr. Newman: May I suggest to you, Mr. Bailie, that you consider having some type of card sent or delivered to each of the homes so that the individuals can fill it out and not waste the time of the enumerator who is going around later and have everything correct?

As it is now, you knock on the door and get an elderly individual, or even a younger individual who may not be as alert as someone else. You ask them for the name and they cannot spell their own name, especially when you get into areas where there is a large ethnic population. If they had a little three by five card on which to put their name and address, then when the enumerator comes around he would have the names of the people in the home.

Mr. Bailie: That might help speed up things but I think I would have some fears that in some rooming houses just over here the proprietor might collect the cards, throw them all out and we would not necessarily have the correct information. I have some concerns about that but we will consider it.

Mr. Newman: You make a good point there about the rooming houses.

2:50 p.m.

Mr. Kennedy: Could I just ask about the 30-day election period that is being proposed? I have a resolution on the order paper, or I used to. I have not checked since we got back. I know it has had a lot of discussion and the Premier (Mr. Davis) made reference to it.

Mr. Bailie: What was your question?

Mr. Kennedy: If we put in 30-day election periods, would you be happy? Could you handle it?

Mr. Bailie: I would not recommend a 30-day election period. I have considered how we

could manage the work that we must do, all the checks and balances that we think are important. It can be done in the 30-day period. It is very close.

Clerk of the House: It is very tight.

Mr. Henderson: What is the problem? What are some of the things you could not do in the 30-day period? I carried out an election once in a 30-day period. In the 1959 election, I was the returning officer and I had only four weeks to do it from the day I was appointed.

Mr. Kennedy: But he had 37 or whatever number of days.

Mr. Henderson: But I did the work as the returning officer within 28 days.

Mr. Bailie: All I am really saying is that I would probably favour a longer election preparation period. I am certainly in favour of a 22-day campaign period. I vote for that. Concerning the number of days that we have in order to do all the things that these gentlemen have asked us to consider, and that I agree are important, I am reluctant to lose one day of that time to check these things out. We will be guided by legislation.

Mr. J. M. Johnson: On the advance polls, I cannot just recall, but was it the Saturday and Monday prior to the election?

Mr. Bailie: That is right.

Mr. J. M. Johnson: Would there be any feasibility in having one advance poll a week prior to that? You lump everything into an eight-day period.

Mr. Bailie: Very definitely. That was one of the recommendations when Mr. Lewis was chief election officer. I hope it will be considered. The advance polls are too close to election day to be of much help to people going away.

Mr. J. M. Johnson: One may be a week prior and then another maybe a week prior to that.

Mr. Bailie: Yes.

Mr. J. M. Johnson: Mr. Stokes and Mr. Eakins were complaining about how hard their ridings are to serve. I just want you to know my riding is very easy to serve.

Mr. Bailie: Okay.

Clerk of the House: You could have the nomination day moved back. Otherwise you would not have your ballots ready in time for the first advance poll.

Item 3 agreed to.

On item 11, Commission on Election Contributions and Expenses:

Mr. Chairman: The commission chairman is Mr. Gordon Aiken. Would you like to introduce your committee, Mr. Aiken?

Mr. Aiken: Thank you, Mr. Chairman. We have a somewhat larger delegation than Mr. Bailie had. On my far right is Mrs. Margaret Moore, my assistant, and beside her is Mr. Donald Joynt, our executive director. On my left is Mr. Ed Allen, the assistant registrar.

Mr. Dobson, our registrar, would have been here but, as you have heard, he is working on the redistribution commission about three days a week. Since they have a meeting tomorrow morning, he begged off so he could get down there and get to work.

Mr. Chairman: Thank you. Do you have a presentation to make?

Mr. Aiken: Yes. This is my first appearance before a legislative committee. I must confess that I have had 15 years in the House of Commons on the other side. I often wondered what it would be like to sit here and be the recipient of the questions. I will do my best and will find out the answers.

I was appointed on April of this year to replace the late Jimmy Auld, who passed away very suddenly in June after being in office only one month. He had taken over from Mr. Arthur Wishart, who is still well, as you will all be glad to hear, and occasionally visits us in the commission office when he is in Toronto.

I have been spending the last few months merely trying to get my hand on what is happening. It is a very difficult position in the sense that this particular legislation and what has been happening are new to me.

In the last six months, I have developed about three objectives. The first item, which most of you are aware of, is the proposed amendments to our act. They are mostly administrative.

Up to this point, they have not yet got to the floor of the House, but we hope it will happen this fall. I beg the members not to toss them out if they do get to the floor. We really would like to have them passed this year.

The main reason is that after about seven years of what you would call shakedown of the legislation, quite a number of things require reconsideration. We have to review our procedures which have developed from year to year. We are late getting returns in. Our chief financial officers from the ridings that you belong to are all volunteers and in a lot of cases they are acting without any previous experience in this

sort of thing. They act without compensation in most cases.

Therefore, they do have a lot of things to do and in a lot of cases there is a great lack of interest, especially if they happen to have been the third party for years and years at elections in that particular riding.

We do want to revise the guidelines that we give them. We do want to have a certain amount of classes for new chief financial officers. We do not want to do those things at this time until the amendments are passed, because a lot of the procedures will be changed.

With regard to the estimates themselves, the commission has a fairly standard administrative estimate in the neighbourhood of \$600,000. It has not reached that point yet and is usually less. In 1975-76, the first year the commission operated, it had an actual expense of \$578,000. In 1981-82, which was an election year, it was \$565,000. This year the estimate is \$596,900.

Those are fairly standard. Our estimates do change from year to year, depending on whether there is an election or a by-election because, as you are aware, our commission pays the statutory subsidy at the time of elections and that comes out of our budget.

I think that is all I would like to say in introduction. I will be happy to answer any questions.

Mr. Nixon: Mr. Chairman, I just want to tell Mr. Aiken that we appreciate his concern that the legislation get before the members of the Legislature. Frankly, I personally appreciate his efforts to get that thing moving.

I am sure you are aware of all this, Mr. Speaker, as I am sure Mr. Aiken has contacted you. He has certainly contacted representatives of each of the three parties, the leaders and House leaders, so he has done all he can to see that these amendments, which really have been recommended for the past four or five years without action, are going to be cleaned up.

As nearly as I can tell, I think there is general agreement on all sides that we do want to proceed with it. We do not have a process here in government legislation that I am aware of, Mr. Aiken, where legislation can be talked out. Sometimes it is talked almost to that point, but the only way it is talked out is if the government decides either that it is not serious about proceeding or it does not want to proceed at all.

I can assure you that when the amendments that are put forward by the commission do come to the Legislature, there are going to be a number of points made related to them. It may

even be that private members will attempt to add some amendments of their own. I do not know whether we have a rule that prohibits that, although the amendments normally have to deal with the subject matter under discussion. I see the Clerk is glaring at me a little bit now, so I had better be careful.

3 p.m.

There are some matters that are not dealt with in the commission's amendments that do concern members of the Legislature and others outside. We have read repeated reports, for example, of some members of the Legislature amassing unbelievably large campaign funds. It should concern us that these are largely amassed based on the generosity of the taxpayers at large.

We read of many individual members rumoured to have in mind a try for the leadership of the Conservative Party if it ever becomes vacant. The idea of planning to finance a leadership campaign on the backs of the taxpayers, by bringing in these Hollywood actors—Charlton Heston is coming; so is General Haig and what's-her-name, the centrefold—I understand is a federal matter with which you are more closely familiar. There are those who feel we ought to have a look at the provisions that require the taxpayers to subsidize these funds in this way.

I feel we ought to be looking at a limit to which these funds can be amassed. As soon as they got to that point, anything extra simply would revert to the consolidated revenue fund of the province. The taxpayers could then get their own back in the long run.

I can tell you that some people—myself included—see that as an area that should be corrected. It is absolutely gross. We are going to be talking about that—

Interjection.

Mr. Nixon: That is what the kids call it. It is an excellent word. That is exactly what it is: gross, obscene. Take your pick of either of those.

Mr. Speaker: I thought you were going to add something to it.

Mr. Nixon: No. The other matters having to do with overall limits concerned us when the legislation first came in. I suppose this tends to be a subject of criticism by the parties that are not at the top of the list when it comes to the numbers of dollars collected. That argument could come forward.

I simply advise you not to be surprised if there is some substantial debate on this matter. We

might make a better effort to couch it in terms that will achieve the kind of public attention that we feel it should. We cannot dictate what the press will find significant or interesting, but I tell you, they should pay attention to that particular anomaly in our tax system.

I have discussed this with the government House leader (Mr. Wells)—there is no secret about that—and he with us, with myself and the House leader of the New Democratic Party. We are in agreement that we should move on those amendments.

There is no chance of an agreement that there will be discussion centred only on the matters that you bring to our attention or that the government may want to add to that. I understand they have a couple of ideas of their own that are not sourced with the Commission on Election Contributions and Expenses.

It is a free country and a free Legislature. There will be quite a free debate, which I think will clear the air. We are eventually going to get around to supporting your amendments. I am not sure what we will do with the government amendments; as you know, that is largely academic anyway. I hope we will clean up that list of amendments during this fall session and get it all set for any eventuality next spring.

Mr. Aiken: Thank you, Mr. Nixon. As members will have realized, I have been bugging Mr. Nixon about this, along with the other House leaders, the Speaker and various other people. I do realize the problem. I simply keep pushing at everybody in the hope that eventually we will get these administrative items through and perhaps some improvements to the act. That is something the Legislature will have to decide. We are just sitting on the sidelines, but I am pushed.

Mr. Stokes: This sounds like a broken record. I am aware that your predecessors have left no stone unturned in impressing the amendments you speak of upon those who are responsible for bringing forth legislation or amendments to existing legislation. It is like the weather, everybody talks about it but nobody does anything about it. I wonder what it is. We discussed it in your absence this morning in a somewhat similar vein.

Mr. Nixon said he discussed it with the government House leader, who is responsible for ushering these amendments through the House. I wish the government House leader were here, because I made the statement in connection with something else, that perhaps he was too busy and should be relieved of some of

his onerous responsibilities. In addition to everything he had before, when he did not have time to bring your legislation in, he is now the acting Minister of Health.

Surely, with those 70 people we look at over on the other side of the House every day, they could designate someone to bring those amendments in to make your task a little bit easier. It is probably not a point of order or a point of privilege, but do not be surprised, Mr. Speaker, if somebody gets up some day and makes that point, when we have the ear of everybody.

I know you have been trying but, in spite of our best efforts, it never seems to happen. It is absolutely ludicrous that we have the largest provincial jurisdiction in Canada, where we pride ourselves in being forward thinkers, yet we do not have the collective wit or will to bring in something that will make these people even more effective. It just boggles the mind to think that somebody does not take those very important responsibilities much more seriously.

Mr. Nixon mentions that, if and when we ever see the amendments, there will be a free-wheeling debate. The only amendments that the commission and the chairman are responsible for are those that will make their task a little bit easier in an administrative way. No doubt we will all benefit as a result of that.

Getting back to what the member for Brant-Oxford-Norfolk said, the other amendments that might be brought in are not within the purview of the chairman. It is a matter of policy, and it is our collective responsibility to do whatever we see fit to clean up the act.

In more specific terms, I would like to ask Mr. Aiken about the votes on salaries and wages. I see a decrease in classified salaries (driver/messenger) of \$21,700. Does this mean you have divested yourself of that car?

Mr. Aiken: That is correct.

Mr. Stokes: I am glad to hear that. I often wondered to what use it was ever put.

Mr. Aiken: I understand, Mr. Stokes, that it has been the favourite butt of inquiries since Mr. Wishart took office. Mr. Wishart did have a car and driver when he was Attorney General and in a subsequent position. He retained it when he became chairman of the commission. When I took office, someone decided that I was not going to carry on in that fashion. I do not believe Mr. Auld had the car or driver either. As to what happened in the past, I simply do not know.

Mr. Stokes: I often wondered whether that car was used to go from the Park Plaza to Britannia House. In my younger days I could have spit that far.

Mr. Aiken: I do not really want to comment on that.

Mr. Stokes: I am glad to have that cleared up. On services, I see you are asking for \$15,500 for professional services. Are those legal services in your responsibilities in seeing that the legislation is adhered to? To what useful purpose do you put those dollars?

Mr. Aiken: I think I will let Mr. Joynt answer that question, if he would.

3:10 p.m.

Mr. Joynt: Mr. Stokes, under our act we have a provision for hiring statisticians from the Ministry of Revenue, when required. For one thing, when petitions are submitted to our commission for registration of a party we can solicit their assistance; that is only \$1,500. With this and that we have legal counsel who assist us at each commission meeting and for various opinions as required, for a total of \$7,500 for the year. We also have a provision for hiring the auditing firm of Clarkson Gordon to assist us in reviewing financial statements of political parties, for a total amount of \$6,500. The total is \$15,500.

Mr. Stokes: In that connection, how many official parties do you recognize in the province at this time?

Mr. Aiken: Seven.

Mr. Stokes: Would you name them?

Mr. Aiken: Yes. The Progressive Conservative Party, the Liberal Party, the New Democratic Party, the Libertarian Party, the Northern Ontario Heritage Party, the Unparty Party and the Communist Party.

Mr. Nixon: What happened to the Garden Party?

Mr. Aiken: As a matter of fact, we have an application before the commission to change the name of the Unparty Party, which has been subject to a lot of jokes. They want to be called the Freedom Party, and this morning that name was approved.

Mr. Stokes: Are you saying that the Northern Ontario Heritage Party still has official status and recognition for purposes of the act?

Mr. Aiken: Yes. They are still registered.

Mr. Stokes: And what are the criteria you use where there has to be reporting or some kind of

requirement under the act to get that kind of recognition?

Mr. Aiken: In the first place, briefly stated, they have to have either members in the assembly, a certain number of candidates at the previous election or a petition with 10,000 names requesting that this party be registered. At that point we register them. So long as they continue to file an annual return on May 31 each year, which is acceptable to the commission and the audit, they continue to be a party. They do not have to do anything; they are registered and they must file their financial returns.

Mr. Stokes: Does that cause you problems? There is obviously a certain amount of administrative work and certain information you must carry on the books. Is this a part of your review of existing legislation? Does that provision in the act cause you any particular difficulty?

Mr. Aiken: No. I do not think so. It is very minimal. The main problems are cases where they have constituency associations that are impoverished and do not even file their financial returns. Then we have problems, because they have to file them to maintain their registration. Otherwise, we decertify them.

Mr. Stokes: As an association but not as a party?

Mr. Aiken: As an association. We also deregister the party, if it does not file its returns.

Mr. Chairman: Does the province get anything for their registration?

Mr. Aiken: No. The registration costs nothing.

Mr. Chairman: Would it not be in order maybe that there would be a small charge?

Mr. Aiken: There is no real problem. It is not part of our problem. Their problems are with the three major parties.

Mr. Stokes: I notice that you have items here on transportation and communications, an amount of \$5,000 and then another one for \$2,500, identified as travel for public servants and travel for other individuals. I could be in error, but I have never known a member of the commission to make a routine trip around the province to see what was going on.

Mr. Aiken: I think the answer to this is that we hold seminars for chief financial officers and for auditors.

Mr. Stokes: Where?

Mr. Aiken: Three or four places throughout the province—in Ottawa. We have not had any

this summer, but that is the main item. It is simply seminars for the chief financial officers.

Mr. Stokes: Have you ever held any in northern Ontario or northwestern Ontario?

Mr. Joynt: We had four seminars in 1980, but there was a decision at that time not to carry on with any further seminars, although there has been some consideration to reconstitute such a meeting.

The main reason we discontinued them, although we had these seminars in Hamilton and invited the chief financial officers and auditors from numerous ridings around the area, was that the people who should be there did not come. We always got the people who were diligent and did a good job, not the people who needed further advice. We even went on Saturdays to accommodate them.

Mr. Stokes: You were always speaking to the converted.

Mr. Joynt: That is right. The people who came were those who met the filing deadline, who knew they should issue receipts, must report contributions in excess of \$100 and could not accept cash contributions of over \$10. It was the people who abide by the law who always came.

Mr. Stokes: Why are you still asking for the money then?

Mr. Joynt: The new chairman came on the scene prior to the preparation of the budget. We did not know what his philosophy might be. I think the current thought now is to invite new chief financial officers to come to Toronto for a presentation. I think we might get a better response in that area.

Mr. Stokes: One final question. I notice here in the manpower data that you have nine regular classified staff and you have one unclassified—that would be you, I guess, Mr. Chairman?

Mr. Aiken: No. That is Ms. Anna Stevenson, who is our research director. She merely works on a contract.

Mr. Stokes: Did that require an order in council?

Mr. Aiken: No. She is hired personnel. She contracts with the commission to do her work.

Mr. Stokes: I see.

Mr. Aiken: We put out several documents; we put out three or four every year. This year we are bringing up to date a publication on our type of work, which is a comparative study of election expenses throughout Canada and the United States. The 1978 book went out of print;

we printed it two or three times. It is being updated this year. We have several projects of that nature, and she is in charge of those.

Mr. Stokes: In terms of your own status and given your background, would it be fair to say that you spent most of your time in Ottawa as a member of the opposition?

Mr. Aiken: No. I was six years on the government side and nine years on the opposition side; so I am appreciative of both sides.

Mr. Stokes: Fine. Does it bother you at all that you were approached by perhaps a leading person in government to see whether you would accept these responsibilities as opposed to being approached by someone within the Office of the Assembly, through which you report to the Legislature?

Does it give you any difficulty, being there not so much by order in council but having being approached in the same way as the Ombudsman is approached to perform that function, as opposed to perhaps someone delegated by Mr. Speaker?

Mr. Aiken: I understand the point you are making. I was a political person and I tried to be reasonable, as most members are, except when it comes to election time and preparing for an election. I was approached and asked if I would take this position and after considering it for a very short period of time, I said I would. I do not know where it originated from at that time.

Perhaps it would have been easier for me if the Clerk of the House or the Speaker had phoned me and said, "You have been appointed to a job which comes under the supervision of the Speaker, and it is a nonpartisan job." I might have felt better about it, but I feel I can be fair to everyone.

Mr. Stokes: I do not think there is any question in anybody's mind. Your appointment met with unanimous support. It was just the mechanics of the thing and the separation of government from the Legislature itself. I am glad you are as forthright in your answer as you have been.

Mr. Aiken: Had it come from the assembly, it probably would have been easier, but it did not.

Mr. Stokes: One final question. You have proposed manpower requirements for students to assist in research studies in peak period activity following May 31; audited statement filing. What are they going to be doing?

Mr. Aiken: We had a total of six students with us this summer. Two of them were engaged in

the research project which I just mentioned to you on the status of election contributions within North America. The other four were checking receipts against statements. As you are aware, the receipts for contributions under \$100 are not reported individually but are reported in total.

On May 31, we have the party returns, which are gigantic things two inches thick. We also have all the constituency returns, of which there are 414. There is no way of checking the accuracy of these unless we actually take the individual receipts. We get the copies along with the returns.

We have to check the receipts with the statements. It means that every receipt for every contribution in Ontario during the previous year has to be checked. There is no other way of doing it. Mainly the ones under \$100 are checked, because those are the only ones that are reported in total. They could be improperly given for an improper amount, purpose or anything else. All these have to be checked.

We had one girl who was there all summer. There were three other students who came to the Legislature through Mr. Fleming's office. They alternated between our office, the chief election office and the assembly office. At our office, they were checking receipts. It was a

pretty dull job for university students, but that is what they were doing.

Mr. Stokes: Is what you are talking about in terms of a spillover from the 1981 election?

Mr. Aiken: No. These are annual returns. These are the fund-raising dinners we have been talking about and the contributions received between elections. They are fairly substantial. Few people realize that there is a good deal of political activity between elections. They all have to be checked and reported, as well as the 414 constituency returns due after May 31.

Mr. Stokes: Thank you very much for that explanation.

Item 11 agreed to.

Vote 1001 agreed to.

Mr. Chairman: Thank you very much. This completes the estimates of the Office of the Assembly. Next week, at 9:30 on Wednesday morning, the Office of the Provincial Auditor will be here.

Mr. Speaker: Thank you very much, Mr. Chairman.

Mr. Chairman: Thank you, Mr. Speaker.

Mr. Speaker: It has been a pleasure.

The committee adjourned at 3:25 p.m.

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From the Office of the Assembly:

Brannan, P. A., Editor of Debates, Hansard Reporting Service
 Dickerson, M. E., Head, Information and Reference Service, Legislative Library, Research and Information Services
 Fleming, R. J., Director of Administration
 Lewis, R. G., Clerk of the Legislative Assembly
 Miggiani, J. M., Finance Officer, Office of the Director of Administration
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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Office of the Provincial Auditor

Third Session, 32nd Parliament

Wednesday, October 26, 1983

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, October 26, 1983

The committee met at 10:11 a.m. in committee room 1.

ESTIMATES, OFFICE OF THE PROVINCIAL AUDITOR

Mr. Chairman: If it is agreeable, I think I see a quorum. We are dealing today with the estimates of the Office of the Provincial Auditor. There are three hours allotted for them.

First of all, I would like to put on the record that I extend on behalf of the committee sympathy to Mr. Philip on the passing of his mother. We assure you, Ed, you have our sympathy.

Perhaps Mr. Archer may have a few comments and will introduce the chaps who are with him.

Mr. Archer: Thank you, Mr. Chairman. I would like to introduce the staff members who are with me this morning. On my immediate right is Mr. Jim Otterman, who is the Assistant Provincial Auditor. For both Jim and myself, this is our second appearance before the committee in our current capacities.

On Jim's right is Mr. Ken Gillis, who is the administrative officer for our office. Ken has been before the committee many times in this capacity, but I am sad to report that this will be his last appearance. He is retiring at the end of October after 37 years of public service, all of which have been spent with the Office of the Provincial Auditor. Ken certainly does not look as if he is ready for retirement or of retirement age.

Mr. Henderson: Or 63.

Mr. Archer: No, nor 63, but the records show that as his age and with his years of service, he is certainly entitled to retire.

As far as the estimates directly are concerned, I have very little to say. I should perhaps point out, as members no doubt have already noticed, that over 90 per cent of our total estimates are in the form of salaries and employee benefits. We have put together a briefing booklet, which I understand was distributed to the members. That attempts to provide a little information, a little background on the office and why we are here and what we are trying to do.

I think I would prefer to turn the matter over now to the members of the committee. Mr. Otterman, Mr. Gillis and I are here to attempt to answer any of the questions committee members may have.

Mr. Chairman: Thank you very much, Mr. Archer.

Mr. Philip: Mr. Chairman, this is the first time I have had an opportunity as the critic to deal with the estimates of the auditor. As you may know, I have been asked to take over the financial portfolios for the Management Board of Cabinet, the Office of the Provincial Auditor, the Ministry of Government Services and the Office of the Ombudsman. However, I have been a member of the public accounts committee for a couple of years.

I would like to start off by thanking Doug Archer for the professional manner in which he handles his office and for his openness and accessibility. He and his staff have always been available to answer any of my questions. When you first come into a new committee, as I did a couple of years ago, it is very helpful to have somebody like Doug Archer and his predecessor who who really take a deep interest in this.

They are willing to spend time to try to give any new member a very quick education in such things as internal auditing and some of the various concepts which some of us, even though we may have a business background, may not be all that familiar with. Certainly, Doug Archer and his predecessor spent a certain amount of time with me trying to help me to understand the Canadian Comprehensive Auditing Foundation book and some of the concepts contained therein, and I really appreciate it.

It is always easier to be the critic of somebody who is not doing a good job, so this poses some problems in these estimates. I am not used to being as soft as I will probably be today, but in any case—

Someone else whom I think deserves some mention is Dr. Graham White. Dr. White is certainly going to be greatly missed by the public accounts committee. I think his intellectual thrust in public accounts is known throughout the country. I know he was of tremendous assistance to me and other members, but also to

auditors and to people who were concerned about public accounts matters across the country.

I know our new clerk will not in any way think it is a personal attack when I say I find it difficult to understand how some of the bureaucracies work in this area and why we have been deprived of, or had snatched from us, somebody of this calibre. I wish our new clerk well in his task; he has terribly big shoes to fill.

Some of the excellent researchers we have had have also been of tremendous help to the committee. We have had a series of three of them since I was on the committee. While I certainly have criticisms of the way in which the library seems to use its human resources, I cannot find any fault with the way in which it has allocated people to this committee. Our latest researcher has done a very good job, and we are certainly indebted to her work and the work of her predecessors.

I think it might be useful for the record to have a brief summary of some of our perceptions of the things that we learned, observations if you want, on the General Accounting Office, and I discussed this with Elizabeth Gardiner after our trip to Washington. Perhaps from there Mr. Archer might like to make some comments in a comparative way about some of the things we may be able to do or that he may be able to do from what we have learned from our trip.

I think it was a very valuable trip. I will not deal with some of our meetings with the committees of Congress and things like that, but rather just with the General Accounting Office.

For the first half of the afternoon on October 3, our delegation was addressed by Elaine Orr, who is the director of the Office of Foreign Visitors and International Audit Organization Liaison. Following this, appearances were made by Harry Havens, Assistant Comptroller General and Roy Jenny, senior group director, program analysis division. The afternoon offered a general overview of the role and various functions of the General Accounting Office.

The General Accounting Office falls under the aegis of the Comptroller General of the United States who, I found it interesting, was appointed for a 15-year term. I think that kind of security certainly leads him to feel not only secure in the job but also courageous in the job because he really has nothing to lose. Nobody can remove him except by extraordinary means. I think that is something we may want to look at. Maybe 15 years is a little long, but the current Comptroller General was appointed two years

ago. He is a Democrat but he certainly claims to, and from what we can see he does, act in a nonpartisan capacity.

10:20 a.m.

The General Accounting Office issues about 900 reports a year. Forty per cent of its work is initiated by Congress, including about 10 per cent raised in the statutes, and 60 per cent is self-initiated by the GAO. Most of the requests from Congress come from committee chairmen.

Requests from Congress usually come to the GAO via the Office of Congressional Relations. One example of the GAO-initiated studies was the matter of looking into head-start programs. The GAO may refuse requests that are too broad, but it prefers to negotiate project parameters rather than to refuse work. The GAO, along with the Congressional Budget Office and Congressional Research Service, is held accountable by the House government operations committee.

Twenty or 30 reports out of the 900 that the GAO puts out are classified. For some of the work, the GAO must hire outside consultants in various areas of expertise. Staff from the GAO are called upon to testify at committees over 200 times a year. I found very interesting the way in which the accounting office could be of help to committees other than just what we would consider to be our equivalent of the public accounts committee.

About 60 per cent of the GAO's work entails evaluating congressional information needs and establishing priority lines of effort. This is done through a strategic planning process which identifies about 36 broad issue areas. During the last 20 years the GAO has moved further away from financial audits to program audits similar to evaluations. I will want to be asking some questions of Doug Archer about that later.

It is the intention of the GAO to conduct more comprehensive auditing in addition to individual program results monitoring. In addition, according to the Assistant Comptroller General, because the budget system has become too complicated, the GAO studies ways of improving the budget process. About 35 staff members are assigned to this project.

In terms of powers afforded the GAO in its investigative and reporting roles, it can approach the courts rather than having to go through the Justice department to obtain records. This saves a good deal of time. In addition, the office is aided by extensive media coverage, which gives it more leverage in finding facts.

In its auditing capacity, the GAO conducts

audit reviews to determine program results. These reviews include the criteria of the project being studied, that is, the authority, the objective and procedures, the conditions or the status of the project, the cause, that is, the program result, and the effect of the program.

An interesting point was raised with regard to government corporations. The GAO felt that profit-making corporations should be audited by private accounting and audit firms and that the nonprofit ones should be audited by the GAO.

I have put this on the record because it may serve an interesting purpose perhaps next year or the year after when someone may, as I have done, look over the previous answers to find out what issues were being dealt with. I think this is an interesting summary—and I hope it is useful—of some of the things I think we learned from our trip to Washington and our trip to the GAO.

This raises a number of interesting questions which I would like to discuss with Doug Archer. For one thing, I found it interesting that a lot of the work of the GAO was that of evaluation rather than traditional auditing in the sense that we tend to think of it in Canada. Many of the staff were not accountants and did not have an auditing background, although they very quickly learned the general principles of auditing.

For example, one of the most interesting sessions in Washington was with the chap who was doing a study of defence spending, on naval spending. He came from a military aircraft background, as I recall. His point was that with that kind of technical expertise he was in a position to go in and find out whether or not the program objectives were being met and whether they were on target. The interesting thing was that he found out that they had just blown an extra couple of billion dollars on a ship which was not in their interest and had not bought others that were in their interest.

I suggest that kind of technical background, rather than an auditing background—if you can find somebody who has both you are in even better shape. I found it interesting that those kinds of backgrounds made up a very large percentage of the staff.

It was also interesting that the General Accounting Office did not just deal with whether clearly definable objectives were in place, with built-in devices to measure whether or not those objectives were being met and whether the routes taken were in keeping with the finances allocated, but it also looked at whether, in order to meet the objectives, the right route had been

taken. That is to say they would not question the objective of the government, but they would look at the means.

In the case of the steamships and naval things we went through, they concluded that to meet those objectives they were taking the wrong route. They bought one aircraft carrier too many and were not building enough escort ships.

I found that interesting because it seems to me that while Mr. Macdonell and others were trying to open that up in Ottawa, I am not sure where we were at in Ontario. I am wondering whether the auditor feels that there may be some changes necessary under the act in order to give him that kind of authority.

For example, we will be dealing with, as the auditor well knows, a motion I put forward in public accounts dealing with the whole matter of Ontario Hydro. I am afraid I left it upstairs. Rather than dealing with whether or not the government's objectives are on target, part of that motion deals with whether some of the projects were cost efficient and whether other projects that were stated in objectives have been scrapped when they should not have been and so forth. We are really dealing with alternatives in that motion.

It would be interesting to find out how much leeway Mr. Archer feels he has in examining that kind of thing and whether there are alternative methods that are more cost efficient to meet those objectives.

I realize I am giving a lot of questions, but I have given an overview of some of the issues I am interested in. Perhaps Mr. Archer and I can get into a dialogue about some of these issues and it may trigger questions from some other members.

10:30 a.m.

Essentially, what we are getting down to then are what are the differences between the duties of the Comptroller General in Washington and an Auditor General. It seems to me that the Comptroller General had a lot more power than perhaps even our federal auditor. Is this desirable?

With regard to the whole relationship of the chairmen of committees other than public accounts committee to the auditor, it would be interesting to know, for example, whether or not other committees are coming to our Provincial Auditor and saying, "There are areas we need help with and you are the best people to deal with them." If not, should the auditor in fact be meeting with the other committees and saying: "This service is available. If you are

dealing with something in which you really need our services in order to understand it, then here is the kind of help we can give."

It would be interesting in the light of the American experience to talk about what percentage of the Provincial Auditor's work is self-initiated, what percentage is initiated by statutes, what is initiated by the Legislature and what is initiated by individual elected members. What I found interesting was that some of the work of the General Accounting Office was initiated simply by citizens who would come to the GAO and say, "I work in such and such department, and boy, is there corruption there," or, "There is misuse of funds," and the GAO, acting on these tips, would then go in and examine it. It would be interesting to know whether or not that kind of almost financial Ombudsman function to the public is being performed at all by our present Provincial Auditor.

Another question that is related to this is, does the Provincial Auditor ever refuse requests for work? I am sure he does, but can you give us some examples of when he would refuse? I assume that if something is overly partisan then that is one ground for refusal, but there may be other reasons or restraints.

The GAO had a great number of specific reports, of course, which would be sent to committees and to congressmen who were interested in particular areas, and it would be interesting to know how many smaller reports the auditor may do that relate perhaps to specific interest areas and whether they are published or whether he has a form of publishing them and what happens to them and so forth.

The thing that overwhelms you in the United States, not just with the GAO but with some of the other offices, including the support services to congressmen, is the tremendous number of staff they have to work with. I felt like a kid in a jelly bean factory who says, "Oh, my goodness, if I could only have all this." Does our present Provincial Auditor feel he has adequate staff in view of the complexity of government and its increasing complexity?

I recognize that the GAO is operating at a federal level and therefore a lot of the stuff it would issue as classified information would be defence matters. Are there any studies the Provincial Auditor would not make public? There is a distinction between providing information to a minister who requests it and then later making it public on the one hand, and

classifying it or not making it public for ever and ever, so to speak, on the other hand, and I would be interested in that.

On the use of outside consultants, I recognize that perhaps in the Hydro matter the outside consultants may be the Hydro auditors themselves, but to what extent does the auditor use outside consultants to help with the work load?

I raised the issue earlier of whether the auditor's office was ever called on to testify before committees other than public accounts, but it would be interesting to talk about that.

The thing that came across with some of the people we met in Washington in the GAO was that some of these guys are almost missionary in the sense of getting publicity; they feel that is real leverage. I recognize that they are in a less partisan situation because the party system there is more flexible, but I wonder whether the auditor feels that the public scrutiny, the press and media looking at a particular inquiry, are of help in getting work done.

Should the auditor have a higher profile in Ontario? I know that Macdonell had a tremendous profile in Ottawa. Is this useful, or was it just Mr. Macdonell's particular personality? What use is that?

Those are some of the key issues. When I read the Hansards from former years, 1981, I recognize that Mr. Scott was of the opinion that he needed no additional powers. But then when I turn to the House of Commons audit, the Auditor General of Canada's report of 1982, I find some interesting comments in 1.8. In it, the Auditor General of Canada points out, "One of the constant frustrations for members of Parliament lies in their inability to obtain full financial information before taxpayers' money is committed." We have dealt with that in previous estimates.

I found it interesting that when Mr. Scott expressed the opinion that no changes were needed in the provincial Audit Act, he talked about how some of the exciting experiments in Ottawa with regard to changing around the estimates would help to correct some of the deficiencies. It is interesting that when we read the last Auditor General of Canada's report he is still saying that this is not working all that well. Maybe there is a need not only to look at the estimates but also to look at ways of expanding the power and authority of the Provincial Auditor or, indeed, the federal auditor, and I would be interested in hearing views on that.

The other interesting thing we could talk about, not just for three hours but for the next 33

hours and only touch the surface, is the whole area of crown corporations. One of the things I was struck by when we went through the various classifications in Ontario was how many crown corporations seem to be in the wrong class. There seems to be no real system in some instances for putting a crown corporation in one category or in another.

I was somewhat relieved that Ontario is not the only sinner in this regard. The Auditor General of Canada, again in his 1982 report, says in item 1.30, on the whole question of classification of these organizations: "It is clear, I think, that some crown-owned entities require and merit a greater degree of independence of action and decision-making than others. Partly for this reason, there is a definite need for an organized and regular review of the classifications of crown-owned corporations and controlled corporations."

10:40 a.m.

"There is also the fundamental need to review periodically whether a given corporation should continue to exist as a crown agency. This evaluation should be done by government and considered by a committee of the House of Commons."

I am wondering whether Doug Archer feels that perhaps either this committee or he and this committee should be looking at the classification of crown corporations and making recommendations as to changes in the way in which certain corporations are classified as compared to others and what classifications they are in.

Those are a few of my remarks. I think I have asked some 100 questions, all dealing directly out of our trip to the General Accounting Office in Washington. I hope we can have some dialogue on that.

Mr. Chairman: Mr. Archer, would you care to answer some of those questions now?

Mr. Archer: Mr. Chairman, I will attempt to comment at least, if not give the right answers, on some of the points Mr. Philip raised.

To go back to one he raised very early in his comments about the term, he mentioned that in the GAO the Comptroller General is appointed for a 15-year term and he felt that gave some security to the position and added independence to the position. I certainly agree with that, although in Ontario the situation is even better in that effectively the Provincial Auditor is appointed until retirement age; so the independence of the Provincial Auditor in Ontario is even better than the GAO has in Washington.

As a comparison, the Auditor General of Canada is appointed for 10 years. He is not quite as secure as the ones in Washington or Ontario.

As far as the evaluation aspect is concerned, whether auditors should become program evaluators, I have a personal strong feeling that they should not, that the evaluation aspect is a management function and that management should be doing the evaluations and providing that information up the line through the minister and eventually to the Legislature.

The auditor's job should be to assess the situation and see if these evaluations are being done, to look at the procedures being used and come to a conclusion whether they are reasonable procedures in the circumstances and whether the information they are using in coming up with evaluations or comparisons or whatever are valid and well based.

I do not feel that the auditor should then go the additional step of performing the evaluation. In that case, he would be duplicating or second-guessing, in many cases, the management function of evaluating its own programs. I agree, from talking to the staff in the GAO, that they do a lot of this. To do that, you need people who have skills beyond auditing and accounting. They would have to be skilled in the particular area they are investigating, whether it is medicine, defence or what have you.

We try to take the view that, other than in exceptional circumstances, we feel we would not need people with these particular skills. Taking the pure audit approach we are doing, we feel that what we need is a good accounting and auditing background and an understanding of what good management is and how good management is practised. It is that area we feel we have to concentrate on in our office with our new mandate.

The type of people we hire are usually business graduates from university who then are required to take one of the accounting courses—registered industrial accountant, certified general accountant or chartered accountant—and ultimately end up with an accounting degree. With the training we give them, we think they should be adequately skilled in accounting and auditing to handle the assignments, but we do not feel we want them to go beyond that in getting additional skills.

As far as giving them the management training we feel they need is concerned, we are developing in-house courses and we are taking advantage of management courses that are available to try to bring our staff along in that

particular area, which I think is important now that we have the new value-for-money mandate.

Mr. Philip also mentioned that the GAO gets into looking at alternative ways of delivering programs. I think we do that under our mandate. As far as looking at the economy and efficiency aspects are concerned, we do look at the management process to see whether the managers have looked at the alternative methods available for delivering a given program. We try to assess, on a reasonable basis, the commonsense approach whether or not the alternative they have selected was a reasonable one in the circumstances and that they have investigated properly the alternatives that were available.

In the economy and efficiency area, we are probably doing work similar to the GAO. I do admit that in the effectiveness area, the program evaluation area, we are not attempting to do that. We do not currently have the mandate to do that under our act. I really question whether it is a job for an auditor to attempt to do so.

As far as involvement with other committees is concerned, I agree wholeheartedly with Mr. Philip if his suggestion is that the auditor and his staff should be available to other committees of the Legislature. I look upon myself and the members of our staff as being servants of the Legislature. We look upon each committee of the Legislature as being an embodiment of the Legislature and, therefore, we should respond not only to the Legislature as a whole but to any committee of the Legislature.

In the past, we have had very little call from any committee other than the public accounts committee. Recently, though, I was requested to appear before the standing committee on social development. From my recollection in my years with the office, that was the first time the Provincial Auditor had been requested to appear before a committee other than the public accounts committee.

I certainly agree that if any committee wishes to explore the possibility of getting the services of the auditor, or calling upon the knowledge or alleged expertise that his office might have, our office is willing to respond.

With regard to the percentage of work that our office does and how it breaks down between self-initiated and that initiated by committees, members and so on, I would think roughly 40 per cent to 50 per cent of our work is dictated by the statutes under which we have been appointed. Primarily, those are the statutes appointing

us auditors of various crown corporations, such as Ontario Housing Corp., the Liquor Control Board of Ontario and so on.

At least 40 per cent of the balance of the work would be self-initiated, but self-initiated from the standpoint that we as auditors feel that the Legislature wants us to cover in a given period of time, say four to five years, all ministries and functions of the provincial government. We have set our audit program up accordingly, that we will attempt to look at some aspects of every program in every ministry over the four-year to five-year period.

However, as to what we look at in year one versus what we look at in year two, for the most part we make up our own minds, although we are influenced by subjects that appear in the press or questions that are raised in the House. We read the House Hansard and we read the various committee Hansards to try to get a feel for what the Legislature is interested in. We certainly pattern our audit coverage as much as we can to take those interests into account.

10:50 a.m.

I would say the balance of 10 per cent that is left unaccounted for at present is a result of requests from the public accounts committee. We get requests from ministers. We have had two or three of them in the last year, where a minister has requested us to go in and do a specific audit. While we have the right of refusal to do those, we have not to date refused any request from a minister. To my knowledge, we have not refused any assignment requested by a committee or a minister of the crown.

Publishing of reports: We issue an annual report, which contains extracts of many, although not necessarily all, of the reports we issue during the year. We issue a report on the conclusion of every audit we do, whether it is self-initiated or undertaken at the request of the public accounts committee or a minister. We do not make that report public at the time, but we consider it a potential public document, and we will produce that report upon a motion of the public accounts committee. While it is not stated in our act, we would publish it upon a motion of any committee of the Legislature.

Adequacy of staff to handle the work: We feel our present complement is adequate to handle the audit mandate we have under the act as it is now written. Were that act to be changed and the Legislature wished us to get into such matters as program evaluation, then we would obviously need to increase staff and augment the types of expertise we have on the staff.

Mr. Philip: In your opinion, would you need an amendment to the act to do that?

Mr. Archer: I feel we would need an amendment to the act if we were to get into program evaluation, very much so.

On that point, I think the Auditor General of Canada comes somewhere in between our position with regard to "comprehensive auditing" and that practised by the General Accounting Office in Washington. The Auditor General of Canada will fall short of doing program evaluations, but I think he hits around the area a little more than we do and, in so doing, finds it necessary to involve people with disciplines other than accounting and auditing.

Mr. Philip: I do not want to interrupt your comments, but I want to get back to something in your answer I am not clear on. You said you list studies that have been done in your annual report; that is, all ministerially-initiated studies are listed.

Mr. Archer: We list every audit we do in one of the appendices of our auditor's report.

Mr. Philip: But they are only published on a motion that is carried in the committee or in the House.

Mr. Archer: That is right at the present time, for one of those reports to be made public in its entirety. In some cases, the entire report will appear in the auditor's report. In other cases, excerpts will appear. In some cases, nothing will appear in the auditor's report. However, we list every one at the back, and if any committee wishes one of those reports to be made available, a motion of that committee would be sufficient for us to table the report.

Mr. Philip: The GAO would publish any report it did as a matter of course, with the exception of classified military sorts of things, and you do not do that. It is conceivable then that under our system, if the government did not want a report published, it could simply kill any motion in the committee to allow a member of the Legislature to get his hands on it.

Mr. Archer: Effectively, yes.

Mr. Philip: Has that happened, to your knowledge?

Mr. Archer: In my tenure of office I cannot recall a request for a motion in the public accounts committee, which is the only committee I guess that feels it has a right of access to these reports at present, to have one of our reports tabled that has been defeated by the committee.

Mr. Philip: This restriction that you feel, that it has to be requested, and not just by the public accounts committee—I would assume that if another committee passed a motion, you would feel that this was an instruction to you—is that a statutory limitation or just a procedure you have always followed?

Mr. Archer: That is the procedure we have always followed.

Mr. Philip: There is nothing under statute then that would prevent Patrick Reid, for instance, if decided he wanted to get his hands on a particular report, from doing so; it is simply tradition.

Mr. Archer: It is tradition for the most part, although I think we would run into trouble with the report section in our legislation. It implies that the auditor will make an annual report and that he can make special reports to the Legislature as he sees fit. To my knowledge, we have never made a special report to the Legislature. We have not found anything of such magnitude of concern that we felt it had to be brought immediately to the attention of the Legislature.

I think if we undertook to table reports that we have issued at the request of individual members, or even the chairman of a committee, we would be getting very close to the special report aspect. I would want to get a legal opinion on whether we are within our act in so doing. I certainly do not want to give the impression that we want to impede the Legislature or any member of the Legislature; we want to co-operate. On the other hand, we have to develop some rules of the game, otherwise we will have paper flowing all over the place.

Mr. Philip: We have this problem in terms of inquests. The chief coroner of Ontario has said on a number of occasions, "I think it would be a good idea to table all the inquest reports." We finally came up with a very simple way of making them available, after quite a hassle for a couple of years and my asking the Attorney General (Mr. McMurtry) and others.

Not very many people read them. There is probably one person in each caucus, and maybe not even that, who follows them up, but at least they are available in a central location. One copy of each report is tabled with the legislative library. Anyone can go in there as a member of the Legislature. They can be of assistance to us in our work in the sense of doing a follow-up. The chief coroner felt that kind of suggestion by the opposition was quite constructive to his work.

I am wondering, as someone who is con-

cerned about the reports you are giving and about the need for follow-up on them, whether you feel that would not be a constructive way of handling all the reports you do. If you are going to make one report to the minister, you might as well make an extra report and table it in the library or table it with the Legislature; then if anybody wants it, they can go and get it.

Mr. Archer: I certainly have no objection to doing that. To make sure we are within the provisions of the act, as I said, I think I would want to get some legal advice on that. If we are, I certainly have no objection to having the act changed if the Legislature wanted to make that specific provision.

If tabling in the Legislature means tabling one copy in the legislative library, that is one thing; but if we follow the normal tabling requirements, we would have to make 65 copies available to the press, as well as 125 copies for the members of the Legislature. I just think there would be an awful lot of paper generated for no particularly useful purpose.

11 a.m.

Mr. Philip: I have one last supplementary on this, and then I think Mr. Reid has a supplementary on it as well.

Would you be willing to get a legal opinion as to whether there is any restraint on your doing that? In other words, is there any change needed in the act for you to table each report with the legislative library? If there is, then what changes would be needed in the act?

Maybe you can either get back to me on that at your convenience or simply report back to the public accounts committee. I am quite willing to share whatever information or insight you have into that.

Mr. Archer: Certainly. I would be quite happy to do that.

Mr. Philip: I am sorry, Mr. Reid. You wanted to ask a question.

Mr. T. P. Reid: Thank you. That was my supplementary. The auditor and I have discussed the timing of his full report before, and my supplementary was exactly what you asked.

I have a concern that the auditor's report comes out in December and it is sort of a one-day wonder and the press does not always look at it very carefully. The ministers who are named in the report or the particular program that is under scrutiny get to be one-day wonders in the press, without the ability of those who are affected to have their day in court, so to speak, to defend themselves.

The other problem, of course, is that our report comes out once a year, also in December, and gets lost in the Christmas shuffle. I think it is a problem we have to address somewhere along the line. Do you have any more questions?

Mr. Philip: No. I had some questions about some of the auditor's answers but, in fairness, you have some statements to make because you were not here earlier.

Mr. T. P. Reid: I will be very brief. Page 5 indicates you have a seconded employee whose estimated salary is \$59,000. What is Mr. Macdonald's position and what is he doing in your office?

Mr. Archer: Mr. Macdonald was brought into the office to assist us with the value-for-money mandate of our office. Mr. Macdonald's background both within government and prior to that was in internal auditing, operational review and management consulting. He had the type of background we thought might be of great assistance to us in getting our value-for-money operation really moving.

Up until the time we brought in Mr. Macdonald we had just tacked that assignment on to one of our existing directors. We thought that by bringing him in and giving him that sole responsibility it would bring our activities in that area along much better.

Mr. Macdonald did come on board and was with us for virtually a year, and we felt we benefited considerably from that. The terms of his coming on board were such that should any opportunities come up within the government while he was seconded to us, it was understood that if he were accepted for one of these opportunities, he would leave us. He did, effective September 1, 1983. Mr. Macdonald is no longer with us.

Mr. T. P. Reid: So are you looking for somebody else, the equivalent?

Mr. Archer: If we had left the office organization unchanged, we would be. Although we are taking advantage of this situation and others—I mentioned at the outset that Mr. Gillis is retiring after 37 years at the office, and there are two or three other changes we are attempting to make—we may take the value-for-money operations and integrate them more fully into our ongoing audit operations. That was our long-term objective when we got the mandate in 1978.

We initially set up a special group in the office that would do nothing but that type of auditing. The objective was to run staff through that, give them the training and experience and then get

them back into the mainstream of our audit activities. This would bring a value-for-money dimension to our audits. We think we have arrived at a stage now where we can do that, so we will no longer have a special unit devoted solely to the value-for-money aspect.

Mr. T. P. Reid: I would like to expand on that. I understand the government has an executive interchange program with private firms. You are not taking advantage of that, I gather. You are not bringing in somebody from Peat Marwick or Clarkson Gordon or someone in that respect.

Mr. Archer: Not under the executive exchange program. But we do hire people from public accounting firms from time to time to assist us in getting audits done and to fill vacancies that are created for one reason or another or to tide us over the vacancy situation. As a matter of fact, we are hiring an individual on a one-year contract from a public accounting firm to assist us with an opening created as of November 1, 1983.

Mr. T. P. Reid: On page 6, regarding merit increases, who is responsible in your office for that? Do you, as auditor, do the performance appraisals? How are they done?

Mr. Archer: Performance appraisals are done for all staff by the immediate supervisor.

Mr. T. P. Reid: When you say "all staff," does that include secretarial help and everyone?

Mr. Archer: It does, although we have been working from the top down and if there is one area in the office where we are deficient, it is at the secretarial level. However, everyone who is in the audit stream—that is, everybody beyond the secretarial or administrative level—is subject to performance evaluation, and has been for a number of years.

Mr. T. P. Reid: And who does that?

Mr. Archer: It is done by the immediate supervisor. For example, I do Mr. Otterman's, and Mr. Otterman and myself collectively do the directors in the office. The directors do evaluations on the managers assigned to their branch, the managers on the supervisor, the supervisors on the auditors—right down the line.

Mr. T. P. Reid: And you use the Civil Service Commission guidelines for the actual performance appraisal?

Mr. Archer: I think the performance appraisal we use is really a composite of many performance appraisal forms we have seen. I include

both those in the government and those used by public accounting firms on their staff.

Mr. T. P. Reid: I gather secretaries were excluded from the group covered by this. Incidentally, I understand merit increases were available only to the managerial branch, and not everyone on your staff; is that correct?

Mr. Archer: I do not know if I understand the question.

Mr. T. P. Reid: Everybody on your staff is not eligible for a merit increase?

Mr. Archer: No. Once they get to the maximum of their job classification—

Mr. T. P. Reid: Would a secretary be eligible for a merit increase?

Mr. Archer: They would be, but I think they are up to maximum; are they not, Ken?

Mr. Gillis: Yes, I think the point there is that the government's management compensation plan—or that of the Civil Service Commission, which is what we follow—has a broad-banding effect. That is where this percentage business lies.

When one gets to the lower level, the secretaries, they are on steps; they go by steps if they are eligible to meet that next step. I think we only have two in our typing pool who are eligible for steps. There are only about four or five steps in a classification, and they are all at maximum.

In effect, for all staff in the management compensation plan, they apply these percentages to minimum and maximum salaries based on the performance evaluation.

Mr. Archer: But many of them are at the maximum.

Mr. T. P. Reid: So they are not eligible under the present guidelines.

One other thing that concerns me is that you are still five short of your complete complement.

When we went through the matters of computerization and electronic data processing in the committee, I believe there were only four people on your staff responsible for that function. It has grown like Topsy in the government and I have a feeling nobody has a handle on it. Do you feel you have enough resources in that area to do all the electronic auditing that is necessary in the government?

11:10 a.m.

Mr. Archer: We have considerably expanded the number since that figure of four was produced. I think right now we have seven or eight.

Mr. Otterman: Including the director of the branch, we have two managers, three supervi-

sors and two auditors in that section at present. We put trainee people in there as well.

Mr. T. P. Reid: Do you think that is sufficient?

Mr. Archer: At the present time we do. This is an area where the more one does the more one perceives that needs to be done. I think we have progressed a long way in that area in the last four or five years. At present, we feel we have the staff to get a good audit handle on the EDP operations of the government.

Mr. T. P. Reid: When we were in Washington and talked to people from the GAO—you may recall that long afternoon—the chap who spoke to us kept mentioning how they wanted to get into the various departments' computers, not using the key the department had but being able to get into the computers themselves so a computer could not be set up to tell them exactly what a particular department wanted.

I do not know if there was an element of paranoia there or not, and I am certainly no expert, but presumably they can set up a program so that if your people come in the program is going to tell you exactly what the department wants to tell you rather than what you want to find out.

How do you avoid that problem of just being fed the kind of information they want to feed you, rather than finding out independently the answers to your own questions?

Mr. Archer: I think we are vulnerable. As external auditors we are much more vulnerable to that type of situation than, say, the internal audit community. We are trying to promote internal audit community involvement in EDP. Certainly the government itself is attempting to do that. It is attempting to respond to that. It has a long way to go. Probably even our office has some distance to go before we are fully "competent" in the area of EDP.

If an internal audit community can take steps, and if it is involved in the approval of the program or particular EDP function in the first place, it can get copies of the program at the approval stage and utilize that program itself against live transactions on a periodic test basis to make sure the program that is actually operating from day to day is the one that was approved at the outset.

For external auditors such as ourselves, when we are trying to cover 20 to 25 ministries of government and 60 to 65 crown agencies, it is very difficult. I think it is an impossible task for us adequately to protect against that measure. We have to rely on the internal audit community.

Mr. Harris: I would like to follow up on the merit increases Mr. Reid touched on. Are the secretaries on steps or do they automatically get increases? Are these related to time and service or are they related to some performance or achievable training objectives?

Mr. Archer: The secretaries themselves are all at the maximum at present. All our merit increases, whether they are secretarial or otherwise, tie into a merit feature rather than just a length of service or experience factor. If we had secretaries who were making less than the maximum and we felt their performance was just adequate, we would not give them an increase.

Mr. Harris: The ones who got the maximum got there on the basis of your merit schedule. There is no automatic step that you start at this, after six months you get this and after a year or two that. There is none of that for the secretaries.

Mr. Archer: We administer it otherwise, although, as you know, the people in the bargaining categories of the government have taken a position that there are, in fact, steps to be moved to based solely on experience and that merit or performance is not a factor.

Mr. Harris: After three years, experience automatically moves them through the steps?

Mr. Archer: Outside our office. We attempt to bring in the performance aspect in our office.

Mr. Harris: But there are contracts with the civil service union?

Mr. Archer: Yes.

Mr. Harris: I have a supplementary on—

Mr. Philip: I am willing to withhold my supplementary as long as you do not go off the topic of merit, because I have some questions on that as well.

Mr. Harris: Okay. In the other areas, I am very supportive of the merit method of moving ahead as opposed to seniority or hours with a butt on a chair. One of the difficulties that arises sometimes is it puts a supervisor in an awkward position if the zero or four per cent option is chosen. Employees know that all the boss has to do is sign something and they get an automatic eight per cent.

Do you have any statistics on where it is relevant? I realize it is not relevant if they are already at the maximum. Perhaps there is some history as to how they got there.

Would the average be four per cent? How many got nothing last year? Do you have any data or what not in that area?

Mr. Archer: We have two categories, student population and regular staff. There were about 21 people who were entitled to merit increases. Three people got nothing; four got four per cent; nine got six per cent; and five got eight per cent.

Mr. Harris: Most of those would be out of the secretarial range?

Mr. Archer: Yes, they are all audit staff.

Mr. Harris: How is that received by the audit staff? Do you have a feel for how this is looked upon by them? Are they supportive of it?

Mr. Archer: Generally speaking, they are supportive of it. The people who do not get increases—

Mr. Harris: Three of them probably are not particularly supportive.

Mr. Archer: —naturally are not. Even with some rated at four per cent, there is, I do not want to say ill feeling, but discussion. There is no way of keeping these things secret. They know that the person they are working with got six and they got four, so it causes problems.

Mr. Harris: They did a lot of work to help that guy get six.

Mr. Archer: I think on balance they appreciate the system because it does recognize someone who goes beyond the call of duty.

11:20 a.m.

Mr. Harris: I would think it also ensures that people are looking at them. Everybody hates to be stuck in a corner where they are not sure their boss or anybody in particular is looking at them. If you come up with a couple of eggs in a row, presumably somebody is recognizing what you are doing. Do you want to follow up on that?

Mr. Philip: May I present the opposite point of view because, gosh, I feel strongly about it? If there was ever a lesson to be learned from my Washington trip it is that merit pay has to be the all-time farce. It does not work and it violates every management principle I know.

It may work with chicken pluckers or somebody like that; if you give them an extra 15 cents a chicken, then they speed up. But when you get into the professional realm, what it does is—and it came out fairly clear in our discussions with the General Accounting Office, which examined it—it encourages manipulation by employees, morale problems and secretiveness in terms of information that some employees have. If Ed Philip shares the information he has with George Samis, then George Samis will use it and look better in the boss's eyes and he may get an extra

\$1,000 a year as a result of it. As a result, I keep the thing in my drawer and do not give it to George.

It creates a problem where weak managers often can be manipulated by people who are "yes" men and bum kissers—I hope I am not being unparliamentary. It means that the most highly innovative and creative people will be rewarded only if they have that kind of highly innovative and creative manager. But on the contrary, if the person is a threat psychologically to that manager then the innovation has to be kept suppressed. Otherwise the manager will soon find he is the one who does not get the merit pay increase.

I suggest to you that people are much more motivated through such things as co-operation, through all of the things in Maslow's hierarchy of needs. If there was ever a waste of money, if there was ever something that should be looked at by this auditor and looked at by managers, it is that merit pay does not accomplish a damn thing. It is more destructive than constructive. Good managers do not need to pay an extra \$1,000 in order to get better work out of people.

Just as an example, I have had two researchers from the library staff working in their homes. I think it was three evenings last week. They are not getting an extra cent for that work. It is just that they are doing some research which they are excited by. Their boss does not even know about it. Their self-actualization comes from the fact that, first, I tell them it is a good job; second, they see it is being used; and third, it is exciting to them. That does not come from merit pay. That does not come from an extra \$1,000.

If you do not work your workers well enough then you have dissension and they go elsewhere. Once you have given them what it is to be a professional—be it a lawyer, doctor or whatever—then other motivating factors take over. I think that came out fairly clearly.

Unfortunately, congressmen in both the Democratic Party and the Republican Party agree with this crazy thing called merit pay and therefore it is not scuttled. But in its evaluation, the GAO said it is a lot of nonsense and the whole program should be scrapped. That is basically what I heard in Washington.

I am in complete agreement with that. I do not think there is anything that suggests that you squander—I do not know if it is squandering the taxpayers' money because you have X number of dollars for salaries so it will probably even out in the end. I think you create real problems in

terms of production with the merit pay model, whereas you create a different kind of situation using other kinds of models to motivate people. I feel very strongly about it.

The other thing I would like to ask you is, supposing I were to come to you as a member of the public accounts committee and say to you that I know of a particular department where people who, as far as I know, are performing equally but are paid differently? Would you consider that matter something you would investigate or something that I should take to the Ombudsman?

Mr. Archer: The question is, you see people performing the same job at equal ability and they are getting different salaries.

Mr. Philip: In their professional category.

Mr. Harris: I have several other items I would like to bring up. I am not sure what that has to do with merit increases.

Mr. Philip: The issue is that other people have received merit pay increases and therefore are earning more. That is the issue.

Mr. Archer: I would think we would take the position that we are in no position to judge the merits of that situation. Whether or not both people are in fact performing equal tasks with equal ability, I think you must have day-to-day involvement with those people, as say their manager or supervisor, in order to come to that conclusion. I would think we would say that particular assignment is beyond our ability to handle.

Mr. Philip: Would it not be your obligation, though, as the auditor to see whether measurable objectives were in place, much as the General Accounting Office tried to examine it and found out in most cases they were not? If you are handing out merit pay, then surely you must have some measurement by which you hand it out. That would fall within your jurisdiction, would it not?

Mr. Archer: Yes. That is certainly the practice we follow ourselves. Our merit pay is based on performance evaluations. To use a score-card approach, if a given person's performance evaluation comes out at say 70 per cent and the person next to him comes out at 75 per cent, maybe that is the differential that should be rewarded by additional pay.

The key to it all is the performance evaluation. Very seldom do we have people working in the same general type of work with the same professional qualifications coming out with exactly the same evaluation. There will always be

something different, a skill that somebody brings or an attitude or personality problem that one might have and another might not.

You are talking of theoretical or hypothetical situations when you consider people working at the same job at exactly the same level of ability. In practice, you very seldom find that.

Mr. Philip: If you are going to pay out X number of dollars, then surely you must have some way of saying that skill X, which you have defined and which you are going to measure in all of your employees, is worth X dollars, and skill Y is worth Y dollars.

I would find it interesting to see, without the person's name on it, an evaluation of somebody who did not get the merit pay, along with your criteria, and compare it with somebody who did, to see whether you are applying the very same kind of measurements when it comes to your own employees that you say should be applied to other types of projects. Then maybe we can look at a couple of other departments on that. Thank you.

Mr. Harris: Mr. Chairman, I congratulate the auditor's department for the attempt at doing this. What has been described here is that Mr. Philip does not believe in equal pay for work of equal value. What he believes in is equal pay for a job description of equal value.

I think there is a fundamental difference. Anybody who goes around promoting equal pay for work of equal value better stop and think of what he is talking about. We are talking about work of equal value. We are not talking about job description or the potential to do the work or the skills to do the work. We are talking about work of equal value. When the country gets back on that we will be a lot further ahead. I congratulate the auditor's department in an attempt, as I see, to reward the work.

Mr. Philip: That is not what I said.

Mr. Harris: Mr. Philip, if you believe that is impossible to do, I do not know how you are ever going to come up with a formula that is going to work for equal pay for work of equal value. However—

Mr. Philip: I believe it is possible to measure a job. I do not believe—if you had listened to me carefully and tried to understand—

Mr. Harris: I think I did.

11:30 a.m.

Mr. Philip: Wait a minute. You have had your

say, and you have made a silly accusation against me. I have the right to—

Mr. Chairman: Order.

Mr. Harris: No. I did not make a silly accusation. I stand by it. You described a job position or the potential to do a job. You want to pay people for their potential. I am saying I want to pay people for what they do; how they use their potential.

Mr. Philip: I am saying you can describe a job, but you have trouble within that evaluating one person doing the job as against another, if merit pay is your motivating force. I am suggesting it is a management function to say to John X: "You are not performing at a level acceptable to this job. Therefore, either you take these steps to improve or we transfer you elsewhere or you get another job." That has nothing to do with the merit pay issue.

Equal pay for work of equal value is an issue we in our party believe in and one that you people have performed very badly on. So do not introduce a red herring—

Mr. Harris: I think you had better redefine—

Mr. Philip: You cannot defend the merit basis, and you tried to introduce a red herring into it.

Mr. Harris: I defend it and continue to—

Mr. Philip: That is because you know so little about good management.

Mr. Harris: Yes. You have had a lot of experience in management.

Mr. Philip: I certainly have, and I have trained some of the better managers around the province.

Mr. Chairman: Okay. I think we have had enough to say on that.

Mr. Harris: I do not know whether the auditor has any comments he wants to make about any of it. He has stated your position.

Mr. Archer: I think I will leave my position as stated.

Mr. Harris: That sounds like a smart move at this stage.

On the short-term contract staff versus full-time staff, you have talked about positions that have been difficult to fill over the past few years because of the demand for these people in the marketplace. I hope you have a problem again in the future, but I agree with your conclusion that there are now more people available to you. Yet one of the things that concerns me—I get it from your report—is where you indicate that

the private sector people who would be suitable for your purposes are busy when you require the people.

I wonder whether there would not be economies throughout the whole system if, instead of filling these positions just because they are available and for the sake of coming up to complement, you could meet your objectives through contracting, particularly when the private sector has people available in nonbusy times. Is that not a worthwhile objective to pursue?

Mr. Archer: Yes. We are doing that. Our staff level was 98 at the time we prepared that booklet, when we went with estimates to the Board of Internal Economy. We are currently down to 93, which is 10 under our complement. We share your views. We do not want to hire people, because they are available, just to fill the spots. We can cover off our needs to some extent by hiring staff from public accounting firms in their off-season.

Even though people are available at various levels, and much more so than in the past, we have found that they do not necessarily come in with the auditing skills we are looking for, particularly in the value-for-money area, which is now becoming more and more a component of our audit activity. Many of the people we are hiring with primarily public accounting backgrounds have not got the feel for that. Some of them cannot make the conversion.

We have brought people in and had to let them go within their first year of probation, even though they are qualified chartered accountants, for example, with several years' experience. This is not to say that these are not good people; they are just not adjusting to the needs of our office.

Having seen that over the past year or year and a half—and we have had to let people go—we are being much more cautious about whom we bring on. We tend to bring them on at lower levels, at the student level, and develop them ourselves to see whether, through developing from the ground floor up, they can adjust to the different auditing environment.

Therefore, we are not rushing to fill all these vacant positions. We are looking much more carefully at what is available and at what levels we should be bringing these people in before we fill the slots in our complement.

Mr. Harris: The last time I asked a supplementary, I got off on a tangent, but—

Mr. Haggerty: Maybe I can be of some help to

you. The supplementary question raised by my colleague was about hiring some part-time accountants or part-time personnel to supplement your complement at a peak time.

Have you considered the co-op program, similar to what they have at the University of Waterloo—and they have been very successful in this area—where engineers can go out and work in the business sector and then go back to school for a four- or six-month term? Have you considered that? It could be of great assistance to a number of students who want to enter accounting.

Mr. Archer: We have hired a number of students in the past from the Waterloo chartered accountant co-op program. We discontinued that for a while because we were hiring at a time when the job market was excellent and we were not getting the best quality students. Our experience was not the best.

That operated on a four-months-on, four-months-off basis. Very often we do a lot of our audits on what we call an interim audit and a final audit basis. We would have staff from the co-op school there to do the interim, and when it came time to do the final, they would not be around. Then you have a continuity problem on the audit.

However, there have been changes in the co-op program. There is one now where the student is co-opted for a year at a time, rather than four months. Perhaps, Jim, you would like to comment on that.

Mr. Otterman: This is the new accounting program at the University of Waterloo whereby they are trying to streamline the qualification period for a person pursuing either the CA or registered industrial accountant degree. The short objective is to let a student get more of his academic work out of the way so that when he graduates, he can write the exams and not have to article for two or three years and then find out that he fails the exams.

This is the first year of this program, and we have one of their students now on staff. This student will be with us a year, return to school for a year and then come back out and be able to be available for another year. This is something that is going to eliminate the continuity problem to a large degree, except for the year-to-year basis, but this we can cope with. We are hoping this will be successful.

Mr. Harris: Just on that, I believe you have the experience of contracting—obviously, because of difficulty in getting staff in the past. I note you

say it is still considered a workable alternative, would encourage you and all government ministries to use it where it is deemed acceptable, think it provides for a far better utilization of professionals and all staff in the field. Although we are crossing the public and private sectors, think it provides for perhaps a better utilization of these people who have the skills. I encourage you to carry on with that even though staff may be available.

Staffing, I guess, is in appendix F. I am just curious as to how the 103—although I understand you have 93—compares with the other provinces or the federal government. Is it reasonable to make that comparison? I know that different provinces have different number of crown corporations, ministries and what not.

11:40 a.m.

Mr. Archer: It is difficult to make comparisons because of the differences in the mandate of the various provinces. As you point out, some provinces have relatively few crown corporations; others, such as Ontario, have many. In some provinces the provincial auditor audits municipalities, and in some provinces he audits universities. So it is difficult to compare as to who has the optimum staff level.

I have some numbers that might be of interest to you. The federal Auditor General's staff is around the 600 mark. Newfoundland, whose budget probably is less than a 10th of Ontario's, has a staff of 65.

Mr. Harris: Do they do municipalities?

Mr. Archer: They do municipalities. I believe Alberta has a staff of more than 200—in the hundreds; it is at least 50 per cent more than we have. Quebec also has a much larger staff, at least 50 per cent higher.

This has been a subject of discussion among the legislative auditors, because we would like to get a handle on what size of staff we should have. We thought some comparison between offices might help us but, because of the differences in the mandates, it gets complicated trying to compare one office with another. We end up very much coming back to what we feel we need to do an adequate job. That is how we arrived at the figure of 103.

Mr. Harris: Somewhere in here it mentions that one per cent of your budget goes to—

Mr. Archer: The Canadian Comprehensive Auditing Foundation.

Mr. Harris: Yes, to the foundation. Is that the normal contribution? Does everybody contribute one per cent?

Mr. Archer: I think there are one or two provinces, and one that comes to mind is Saskatchewan, that do not contribute because they do not have a value-for-money audit mandate. For all the others that contribute, and I believe every other one does, including the federal Auditor General, they contribute the same figure, one per cent of their previous year's budget.

Mr. Harris: I presume the foundation would be preparing reports and doing such kinds of things as trying to compare staff. Are they available?

Mr. Archer: They have not been up until now. They are trying to develop methodology and courses to teach people the basics of comprehensive auditing and ways to go about doing it, plus doing research studies such as the extent to which comprehensive auditing exists in municipalities or the appreciation that municipalities have for the concept. There are also studies as to the extent to which program evaluation has been practised in governments across Canada.

Mr. Harris: What would their budget be in a year?

Mr. Archer: I think the total budget is probably in the range of \$500,000 to \$750,000. I could get that actual figure, but I think it is in that range.

Mr. Harris: That is close enough. Are you happy with what we get out of them?

Mr. Archer: I think so. We have close contact with the foundation. I am on the board of directors. I have been on various committees. If you read our auditor's report, we do not fully subscribe to comprehensive auditing in all its facets. We feel there are elements of that concept which we are using and which are good, and we would like to pursue them. We feel that keeping in touch with the foundation is going to assist us in our efforts with regard to value-for-money auditing. I think it is a good association and the money we contribute is well spent from an auditing research standpoint.

Mr. Harris: I have one last question. Where did you get your tie?

Mr. Archer: It is one of the CA-issue ties.

Mr. Harris: It is not a government one. It looks a hell of a lot classier than government sue.

Mr. Haggerty: I want to follow up on a comment Mr. Harris made about the auditors. Mr. Archer mentioned that sometimes they have to go in to do some post-audits in different

branches of the government. How many post-audits would you do, what are the problem areas and which particular ministry or government agency is giving you problems?

Mr. Archer: I do not know that I used the term "post-audit;" I think I used the terms "interim audit" and "final audit." In essence, all of our audit activity is after the fact, or post-audit as opposed to pre-audit. Back in the days, say, before 1970-71, the office of the auditor used to be in the pre-audit mode, and every government expenditure went through our office for review before the cheque was released. We do not do that any more and we have not done that for close to 10 years.

Mr. Haggerty: It does provide a check and balance, though, does it not? In my experience of sitting on council we would run into difficulties; the auditor would come in once a year to make a final audit statement and he would find out that we had run into a deficit. As a result, we went to a post-audit three times a year; the reports would come in and, where we had some problems, council could correct them at that time. It paid off because we did not run into a deficit any more.

When you said "interim audit," I thought maybe you had some government agencies that needed closer scrutiny and required additional audits. Are there any government agencies that require an interim audit or a post-audit?

Mr. Archer: I do not think so much from the standpoint you are mentioning of making sure they stay within budget or do not overspend. I think the budget control system that the Ontario government has pretty well keeps them in line to make sure they do not overspend or, if they are going to overspend, that they have to go for a Management Board order, supplementary estimates or what have you.

Where we find it necessary to go into some agencies more frequently—say twice a year, at any rate—it would be just because of the size of the operation. Ontario Housing Corp., for example, is perhaps our biggest crown agency audit. Their assets are probably in excess of \$2 billion, not to mention their total expenditures and revenue each year. Just to cover that agency adequately, we find that we would have to go in—say their year-end is December—two or three months early and then two or three months after the year-end.

Mr. Haggerty: What about the Ontario Development Corp., the Eastern Ontario Development Corp. and the Northern Ontario Development Corp.?

opment Corp.? Do you do a post-audit on those to find out whether there are some bad loans that in the long run the taxpayers may have to supplement through additional funding? Do you have any problems in that area with the development corporations?

Mr. Archer: We try to look—on a test basis, mind you—at the criteria they use for providing the loan. We try not to second-guess; after the facts are in, it is easy to be an expert. We try to put ourselves in the position of what we would have done had these same conditions been presented to us at the time the loan was made and just assess in our minds whether that was a reasonable course of action to take at the time.

We try to do that when we do the audit, and we do an interim as well. We go in twice a year to the development corporations and look at that, along with the more financial aspects.

It is more a management control aspect that you are talking about: the adequacy of the procedures followed in determining whether or not to make a loan.

Mr. Haggerty: There have been some bad loans, and somebody has to pick them up.

Mr. Archer: You have to remember the nature of the business they are in. They are very often the lender of last resort.

Mr. Haggerty: That is where the risk is higher, though. That is perhaps where you need more of a watchdog looking into the matters.

Mr. Archer: You have to weigh that against their objectives. They may know that their chances of recovery, shall we say, or of keeping this company alive indefinitely are rather slim, but they may trade off by saying: "Well, we can create two or three years' more employment in that area. It is worth the money."

It is a very judgemental area, and all we can do as auditors is to take the objectives they have for making a loan and see if they are reasonable. We look at whether or not there are appropriate measures there to see how those objectives have been met.

11:50 a.m.

Mr. Haggerty: Your auditor's report of 1978-79 had some good value judgement offered to the government and to the Legislature under the heading, Criteria and Other Matters Related to the Use of Consultants Queried, Ministry of Community and Social Services.

It said: "The audit service branch of the ministry conducts audits on the use of consultants in a number of areas in the ministry at the request of the deputy minister. The reports and

memoranda resulting from these audits indicate a number of concerns regarding the widespread use of consultants, especially in the children's services division.

"The following matters were noted in our review of internal audit reports and contracts with consultants. The price quoted in several agreements with consultants was just under the \$15,000." I do not have to comment, with the current events in the House, on this matter of the \$15,000.

"The audit service branch of the ministry also reported on this situation, stating that contracts are restricted in time and objective apparently to keep them under the dollar limit above which specific application for approval would have to be made to the Management Board."

I suppose you can go out and hire a consultant at \$200,000 or \$300,000, if I interpret that paragraph correctly, and there is no question, as long as you submit \$15,000, it is within the criteria.

It says, "The Ontario Manual of Administration states that all projects involving management consultants shall be tendered unless the estimated total costs are under \$15,000."

I raise this so that it could be brought to the attention of the Legislature that there could be some abuse in this area; as long as one submitted \$15,000 he does not have to call tenders. If tenders were called, one would be looking at a cost of maybe \$200,000 or \$300,000.

"Jobs tend to be more fragmented by arranging contracts with management consultants with estimated total costs under \$15,000 than would be the case if the tendering process were involved. Also, large firms of management consultants with expertise in various fields are less likely to be hired. We observed that a study in the funding of one particular type of institution involved several firms of management consultants, each with a single specialty such as computer systems or procedure manuals."

Mr. Philip: What are you reading from?

Mr. Haggerty: I am reading from the auditor's report, 1978-79.

"Certain former employees of this or other ministries were hired as consultants."

That gives me another concern. The government always says—I heard it again in the last budget speech, for example—"We have now reduced the number of public servants in Ontario; we have reduced it by"—I forget what the numbers were; considerably though. That leaves the public with the impression the government

through its restraint program, is reducing the number of public servants.

This report goes on to say: "While we appreciated that such individuals probably have the required expertise because of the nature of their government employment, it is open to question whether this selection was completely unbiased in the absence of any tendering procedure. We observed that one senior employee of the ministry resigned on April 30, 1979, registered his own management consultant business on that date, and was engaged as a consultant on May 1, 1979."

I guess that is how the government depletes the number of civil servants. It just hires them back as consultants. That is about what you are telling me here.

"His agreement covered a four-month period from that date at a stated fee of \$48,450"—he probably was not even making that for a whole year—"an amount which was subsequently increased by \$18,000. Since the amount payable under this agreement exceeded the \$15,000, tenders should have been called prior to awarding a contract or specific Management Board approval obtained for not so doing."

Considering these comments on this ministry's operations and the concerns shown by the Provincial Auditor, I feel now this abuse is perhaps being carried on with a number of provincial ministries. I do not know what we can do in this area but I think the auditor has drawn to our attention that there is abuse here. At some place along the line there should be a recommendation from this committee this morning advising Management Board that it had better change its guidelines or policies in this area and that all hiring of consultants should be done by tendering. There are some interesting comments on this matter in the report. It says:

"Payments have been made to suppliers of services although agreements have not been completed. Provision of some of these services are extensions of prior contracts. Invoices have also been held by the accounts branch where no agreement is available or the maximum amount has been reached and an extension of the agreement is awaited.

"The Ontario Manual of Administration contains a directive on the appointment and control of management consulting services. Based on our audit of expenditures for services, in addition to the requirements of this directive, we recommend that:

"1. Agreements be in a form approved by the legal services branch and a standard form of

agreement be considered." There is a list of them, but the one I was more concerned about was number 4, "A management committee conduct a quarterly review of extended engagement of consultants."

I have to commend the Provincial Auditor for bringing this to the attention of the Legislature. Perhaps we have let it slip by over the last two or three years, but it does reflect that there is a serious abuse in the present practice of laying off former provincial employees and hiring them back under contract and thus reducing the number of public servants. It is one way, I suppose, of clouding the issue or even misrepresenting the total cost of operation of the government in Ontario.

Mr. Archer: I think the subject matter the member refers to, the hiring of consultants and the manipulation, if you like, of the \$15,000 requirement beyond which you must tender the contract, is a measure of concern to our office.

If you look back through any of our reports you will find at least one reference and in some cases several references to deficiencies we perceive with regard to the hiring and the administration of consulting arrangements. As the member mentions, even recent press coverage of certain matters would indicate that as late as today that problem still exists.

It is a very difficult thing to administer, or to audit for that matter, the extent to which, for example, former employees are being hired back in the form of consultants. That is a study in itself. You would have to take the consultants in any given area and analyse their previous employment history to find out if at some time or other they did work for that ministry or some other area of the government. It is very difficult to monitor.

You have to have the good faith and good intention of management to not enter into that type of arrangement in the first place. That is paramount. We can then lay an audit requirement on top of that and maybe we can adequately control the situation.

The \$15,000 thing is the one we continually run into. Ministries are very convincing when they say that by issuing multiple contracts, each one less than \$15,000, to the same consultant, they do not intend to avoid the requirements of the Manual of Administration, they are doing this for other reasons. For example, they find it is much easier to control the consultant if he is operating on a series of small-dollar, short-term contracts than giving him a long-term contract for, say, \$200,000 or \$300,000.

That may well be so, but it certainly gives the appearance to an auditor or to a disinterested observer, or an uninvolved observer perhaps, that they are playing games. They are just doing this to avoid the requirements of the Manual of Administration.

As auditors, all we can do is to bring these situations to the Legislature's attention as we find them and to provide, where required, the reasons the ministry says it entered into such arrangements and leave it up to the Legislature to decide whether those reasons are legitimate.

12 noon

Mr. Philip: May I ask a supplementary? I am sorry if I am interrupting. I could be wrong about this, but it seems to me it was in 1967, 1968, or 1969 that the federal government, and it may be the federal Auditor General, became concerned about the practice of fairly high-level people, not a deputy minister or assistant deputy level but just underneath that, leaving the public service and because they had contacts with certain departments coming back with management consulting firms and various types of training firms and selling services to the departments.

I know of a number of instances. In the cases I knew, I thought the services were worth while and the particular department got value for the money. None the less, it does open up the possibility of abuse. Have you examined whether or not there is that kind of pattern going on at the provincial level? I am wondering how you would stop it.

It is unreasonable to say that because somebody was an assistant deputy minister or the head of a department and he knows that department, if that department needs his services and he is out in the private sector they should not be able to hire him. At the same time it is open to his using salesmanship and the old buddy system to sell some services which gives him an "in" other management consulting firms may not have.

Mr. Chairman: Mr. Philip, a member of the committee has already asked that question when you were out.

Mr. Philip: I am sorry. I had to step out to see a group.

Mr. Haggerty: No, I do not think I had quite got to that point. I was leading to the question Mr. Philip is trying to arrive at and that is, have you found this within any other ministry since your report of 1978-79? Is it a pattern that is being carried through?

Mr. Archer: We have not seen any pattern, but I am sure we have detected other instances, maybe not quite as obvious as the one you quoted, where the person left at the end of one day and was hired back the next day as a consultant at perhaps twice the salary he was making when he left. We seldom find them that obvious.

We have never attempted to do an investigation which concentrated on that one aspect alone; in other words, taking a number of consulting contracts, finding people who were requested to submit tenders and checking on the backgrounds of these people who were asked to submit tenders to see whether or not they did work in that ministry or in some other area of the government.

Mr. Haggerty: You could not do that now with the complement of staff you have?

Mr. Archer: We could do it, but just on a very narrow basis—perhaps take one ministry, one branch or one program and zero in on a particular area of that ministry that uses a lot of consulting services and do a special assignment just on that one point. If we felt the Legislature wanted us to do that, we would undertake it.

We have pointed out instances such as the one you quote in our reports in the past. We commented very extensively on this \$15,000 no-tender situation and we do not feel the Legislature has been all that concerned generally. There are certain specific cases where they have been, I have to admit, but generally it does not seem to have evoked all that much concern. As auditors, we then say: "Maybe there is no point in our doing an exhaustive investigation of this. We will just continue to point out, as we have in the past, where we notice this type of thing in the course of the course of our regular or other audit duties."

Mr. Haggerty: If you were to go into such a study and make a report, how long do you think it would take to do it with all the different ministries?

Mr. Archer: If we did a government-wide study?

Mr. Haggerty: Yes.

Mr. Archer: I would think it would take two or three months with several people.

Mr. Haggerty: Several people.

Mr. Archer: To do it, yes.

Mr. Haggerty: I was just considering the thought that has come to me right now that in regard to the matter raised this morning of a

serious situation where there may be some abuse, in order to clear the air, if it was proper, I would put a motion forward that a study be done in this area to find out if there is wrongdoing and whether further recommendations should be coming forward so that the problem does not arise again.

Mr. Philip: Would it not be more appropriate to ask the auditor if he would be prepared to undertake the study rather than putting a motion? If you need some direction, then move the motion in public accounts committee, because I do not know how you move motions in estimates.

Mr. Haggerty: I need some direction.

Mr. Chairman: We are dealing with estimates. You could ask him if he would like to do a study, but I do not think we can have a motion here telling him he shall do it.

Mr. Archer: It is something our office could undertake. Certainly we would take your comments and the views of other members here, if they care to express them, on whether this is something the Legislature would like us to do.

If we had some encouragement from that standpoint, we would make a point of scheduling it for early completion. Otherwise, we would probably just keep it on our list of things we want to do and work it in when we have staff available.

Mr. Haggerty: I think it would be a worthwhile project to tackle. It might clear the air and give the Legislature some new directions in this area of tendering. I feel it is important.

Mr. Philip: It might be worth while to do it. At the same time, just because a pattern shows up it does not necessarily mean there is anything wrong. It may well be, in a highly technical field, for example, the only way you get the best expert. He may have already worked for the government and there may be nothing improper.

For example, in the Ministry of Natural Resources there may be only X number of people who are experts in a particular area, a microbiologist or somebody like that who may be the best in the field. It may be quite appropriate to hire him on a three-month basis rather than pay him a salary for a whole year.

It would be worth while at least to point out the pattern and have the ministry try to justify what it was. It might be interesting to do in a technical field and also in a nontechnical field—I am not using that word in the pejorative sense—for example, the Ministry of Government Services, which is a more general kind of ministry where it might be harder to justify.

Mr. Chairman: Mr. Philip, do you have any further questions?

Mr. Philip: No, other than to say that in the auditor's answers to some of my questions I had some disagreement with him. I would prefer, however, to read his answers. We covered an awful lot of territory and I would prefer to read his answers and then perhaps respond either informally or in some other way.

I really feel it is very difficult for you; I do not know how you evaluate value for money without evaluating alternative courses. I agree it is not your job to set objectives for the government and I would not want you to. I do not think the GAO ever does. But I do feel it is providing a very useful function in evaluating whether certain strategies are the most cost-efficient. At the very least, I think you have to go to the extent of seeing whether cost-benefit analyses of different strategies were in place.

Quite frankly, we are going to have to get into that in the Ontario Hydro investigation because it just does not make any sense to say the government followed this route if in fact there were other routes open to it and it did not cross them. I do not know how we would get away from that. I see it as part of your mandate.

12:10 p.m.

For example, if the government starts off with the position that we are going to set up an all-nuclear hydroelectric plant, fine. Then the issue is whether one plant or one type of operation is better than another, is cost-efficient. Even then there is a comparison. If it is a broader thing, then I think you are going to have to look at some of the alternatives and see whether or not they have been costed.

That is kind of the minimum that I think is within your mandate.

Mr. Archer: I think we can go that far and I think we have, in some instances, gone that far, but it is the judgement factor as to whether the decision they made was in fact the best decision that could be made. There you have to get experts in and do a second-guessing, if you like. What we do is just try to take a businessman's approach and say, "In the light of the evidence, was that the way to go?"

Mr. Philip: That is an area where I guess I have some disagreement with you, on whether or not it is entirely an auditing function. For example, I think in something as simple as, say, the purchase of Xerox—no, that is a brand name—the purchase of photocopying machines, it may well be that the government might say,

"We bought 200 of brand X even though it is more expensive because it has a longer life." That may be measurable, by you, in an auditing function.

On the other hand, if you get into a highly technical area where, perhaps, in terms of energy production, somebody is going to say, "This type of plant is going to have an overhead of X billion dollars over the next 25 years," then I think you have to have some experts in the energy field who will say: "Wait a minute. You have not taken into account this type of breakdown. You have not taken into account that this type of machine will do this kind of thing." Or, "You have not taken into account this research, which was done in Sweden with a similar type of operation."

I do not know how, as an auditor, you could get into that in purely an auditing way, any more than the GAO could measure the technical value of one type of ship over another without having a military expert in there doing it.

I am saying the cost-benefit analysis is meaningless if it is just done in an accounting sense. There are stages where, when you get very technical, you are going to have to bring in the experts. I do not know any way of your doing it without that.

Mr. Archer: Presumably though, the ministry or the agency would have brought in the experts. That would be one of the things we would look at when we were assessing what they had done. Did they get expert advice or were they just operating from the advice of ministry personnel? If they did not, we would comment on that.

What you are suggesting is that where the ministry has had expert advice, we should get independent expert advice to see whether their experts were right, and this I see as not productive.

Mr. Philip: First of all, you may find out that they did not get expert advice, in which case you would report that.

Mr. Archer: Right. We would just report that. We would not go out and get our experts.

Mr. Philip: But there may well come a time though, in the function, where you have to say, "We are not sure that the expert advice is the correct one."

An analogous situation would be where the Ombudsman says: "The Workers' Compensation Board got medical advice on this case. However, in our opinion, we want to get an independent medical practitioner or orthopaedic surgeon to examine John X because we are not sure that this medical advice holds up and

therefore we want an independent appraisal and we will choose someone who will give us that."

I think you are going to have to face that, as society becomes more and more complex, just as the GAO brings in experts who are not accountants, you may have to either add to your staff or get into the contracting business.

Mr. Archer: Since our goal is to assist the members of the Legislature in holding the government accountable, just speaking generally, we as an office certainly want to accommodate as best we can the wishes of the members of the Legislature in the way in which we conduct our business.

I would very much welcome discussions in the public accounts committee as to possible extensions or changes in the auditor's role from the standpoint of better serving the members. I would certainly be very pleased to continue this line of discussion in this area and others, but I think the proper forum would be the public accounts committee.

Mr. Philip: It might be worth while in the public accounts committee, since unfortunately a lot of the people who were in Washington on the trip are not here in the estimates, to get together with you either in a formal meeting or perhaps over dinner some evening with a prepared summary of—

Mr. Haggerty: Who is going to pay for the dinner?

Mr. Philip: I will pay my share.

Mr. Archer: We will go Dutch, okay?

Mr. Philip: That is the way we did it in Washington.

Mr. Harris: We will tender on the dinner.

Mr. Philip: Maybe we should do that. Patrick Reid and I have asked Elizabeth Gardiner to prepare some summaries and things like that, and I think she is preparing some fairly elaborate summaries of the meetings. Perhaps you people have summaries or notes and we can put them together and share them.

Mr. Chairman: Is that all, Mr. Philip? I want to thank Mr. Archer, Mr. Otterman and Mr. Gillis for appearing before us this morning. We appreciate that. You are doing a good job. Keep it up.

Vote 1101 agreed to.

Mr. Chairman: This completes the estimates of the Office of the Provincial Auditor.

The committee recessed at 12:19 p.m.

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- Henderson, L. C. (Lambton PC)
- McLean, A. K.; Chairman (Simcoe East PC)
- Philip, E. T. (Etobicoke NDP)
- Reid, T. P. (Rainy River L-Lab.)
- From the Office of the Provincial Auditor:**
- Archer, D. F., Provincial Auditor
- Gillis, J. K., Administration Officer
- Otterman, J. F., Assistant Provincial Auditor



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Energy

Third Session, 32nd Parliament

Wednesday, October 26, 1983
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, October 26, 1983

The committee resumed at 2:05 p.m. in committee room 1.

ESTIMATES, MINISTRY OF ENERGY

Mr. Chairman: We would like to proceed with the estimates of the Ministry of Energy, and I see that we have about six different votes to deal with.

I would first like to find out which parts you wish to deal with over the 10 hours that we have and what type of schedule you feel we should initiate to make the best use of the staff and the various parts of the ministry.

Hon. Mr. Andrewes: And other agencies.

Mr. Kerrio: I have one concern and that has to do with having a representative from Ontario Hydro here. We have a motion before the standing committee on public accounts to do some auditing and pricing and various such things as they relate to nuclear power. I would like to examine someone from Ontario Hydro in that field. I think it would be very interesting.

Mr. Di Santo: Can you speak a little bit louder?

Mr. Kerrio: I am sorry, Odoardo; I am always accused of not hearing.

Hon. Mr. Andrewes: And have never been accused of mumbling.

Mr. Kerrio: Hardly ever.

That would be a high priority as far as I am concerned. But it depends on Odoardo. Do you want to deal with them one at a time, Odoardo?

I think what the chairman is attempting to do here is to throw people in at various times so that we do not have to have them at the meeting any longer than is necessary.

Mr. Chairman: Yes. That is exactly right.

Mr. Kerrio: At any time within the 10 hours, after our original opening statements, if they fit somewhere into a vote and they are close by, we would co-operate and fit them in when they are set up to visit us.

Mr. Chairman: Do you want to deal with Hydro separately from the Ontario Energy Corp.?

Mr. Kerrio: Yes.

Mr. Sheppard: How much time do we have, Mr. Chairman?

Mr. Chairman: We have 10 hours—this afternoon, next Wednesday all day and the following Wednesday morning. Do you think a morning would do for Hydro?

Mr. Di Santo: No. I do not think so.

Mr. Kerrio: I think Hydro would be one that we would have two sessions with.

Mr. Chairman: Then we could deal with it next Wednesday?

Mr. Kerrio: Yes.

Hon. Mr. Andrewes: Notwithstanding the desire of the committee, and I certainly do not wish to usurp that right, the chairman of Hydro has a very personal matter he must deal with next Wednesday.

Mr. Kerrio: Another domed stadium?

Hon. Mr. Andrewes: No.

Mr. Di Santo: Would it be possible to sit half the day next Wednesday and all day the following Wednesday?

Mr. Chairman: Let us find out when the chairman is available.

Hon. Mr. Andrewes: Apparently the House will be sitting in the afternoon the following Wednesday; there was some suggestion of that.

Mr. Chairman: We will be sitting on the morning of Wednesday, November 9.

Clerk of the Committee: For Energy only. We have this afternoon, next Wednesday all day and just the morning of the Wednesday after that.

Mr. Di Santo: I was suggesting that instead of sitting next Wednesday all day and on November 9 for half a day, we could reverse and sit half a day next Wednesday and all day on November 9, so the chairman of Hydro can be available all day.

Mr. Chairman: We cannot change our schedule. We have to get the hours in, because we are dealing with the Ministry of Labour estimates after that. Our schedule is very tight.

Mr. Di Santo: I am flexible, but Hydro will take more than two hours, honestly.

Mr. Kerrio: We cannot change the arranging

of the days. What other day could we have him?

Mr. Chairman: What days is he available during our schedule?

Hon. Mr. Andrewes: He is available the following Wednesday, as I understand it.

Mr. Kerrio: On the following Wednesday do you plan to sit all day?

Mr. Chairman: Just two and a half hours.

Hon. Mr. Andrewes: Except, as I understand it, there has been some suggestion that the House may sit in the afternoon.

2:10 p.m.

Mr. Kerrio: Why do we not move it ahead then and have one session before that and one session on the Wednesday? He should be here for two sessions; I do not care when they are. I am easy; pick any two. Then you only have to deal with Odoardo.

Hon. Mr. Andrewes: I do not know whether permission could be granted by the House to sit on Wednesday afternoon two weeks from today.

Mr. Kerrio: I am not suggesting that we change our plans.

Mr. Kennedy: We have both morning and afternoon on Wednesday, November 2, we have the morning of November 9 and we have this afternoon. That is 10 hours unless we can do a shift from November 2, and I do not know how you do that.

Mr. Chairman: I observe then that the chairman is only available on the Wednesday morning for two and a half hours.

Mr. Kerrio: And no time before or after? He is tied up in the afternoon? I think we should have Hydro here. Pick any two sessions.

Mr. Haggerty: As many sessions as possible.

Mr. Kennedy: Could there be one in the afternoon of November 9 if the House sits?

Mr. Di Santo: Any two; it does not matter.

Mr. Kerrio: Any two sessions.

Mr. Sheppard: Mr. Chairman, If the the opposition members want the chairman of Hydro here for two sessions, and Mr. Haggerty said maybe for all the sessions, what about Energy? How much time are we going to give to Energy?

Mr. Kerrio: Isn't that Energy?

Mr. Sheppard: Well, I know it is the same thing, but you want two sessions on Hydro.

Mr. Kerrio: We want two sessions.

Mr. Chairman: Let us leave it. We will have him before us, as far as we know now, from 10 to 12:30 on the Wednesday. If the minister can

have him for one of the sessions next week, fine. If he cannot, there is nothing I can do about it.

Mr. Kerrio: Wait a minute. We are willing to accommodate him. You said he could not be here all day and we said any two sessions. I do not believe this "if he can" business. We are allowing him any two sessions. That is giving him all the latitude in the world. I do not know where we can go from there.

Let me say something at this juncture. Damn it all, Hydro knew that we were having these estimates now. We are willing to bend a little bit, but do not come and tell me that the number one pin from Hydro cannot be here for two sessions, because there is going to be a lot of hollering and gnashing of teeth or whatever it takes to drag him here.

Mr. Chairman: I am easy, but there is one thing we cannot do: we cannot change our hours.

Mr. Kerrio: Can we move it ahead?

Hon. Mr. Andrewes: The only possibility would have been to move it ahead today, and it is rather short notice to try to get him over here today.

Mr. Kerrio: All right. What if we had him for one session and someone else from Hydro for one session?

Mr. Di Santo: Mr. Chairman, I think that is not our responsibility. We are here to discuss the estimates. Hydro is the major part of the energy policy of this government, and we want to question Ontario Hydro. It is up to them to adjust to our schedule. We are willing to be flexible, but we cannot accept that they decide to come here for only one or two hours.

Mr. Haggerty: Could we have the opening statement and that is the end of it?

Mr. Kerrio: Could we have the top man and someone else for a session?

Hon. Mr. Andrewes: I am at your wishes; we will try to accommodate you.

Mr. Chairman: We can try to accommodate you, as the minister says, and we will see what happens. So it is going to be for the Wednesday morning for sure and he is going to try to get him for next week.

Mr. Kerrio: And if not?

Mr. Chairman: Somebody else will take his place.

Mr. Kerrio: Then Energy will fit in—

Mr. Chairman: It will fill in along the way; for

the time today and next week, that is what you will be dealing with.

Mr. Kerrio: I was thinking of the Ontario Energy Corp.

Mr. Chairman: Next Wednesday, morning and afternoon.

Hon. Mr. Andrewes: And the Ontario Energy Board at the same time, Mr. Kerrio and Mr. Di Santo?

Mr. Chairman: That is next week.

Mr. Di Santo: November 2?

Mr. Chairman: November 9.

Mr. Kerrio: November 2.

Mr. Chairman: Right, November 2. Okay, we will be dealing with vote 2001. Minister, do you have an opening statement?

Hon. Mr. Andrewes: Thank you, Mr. Chairman. I wonder if we might pull those drapes.

Mr. Kerrio: Could we have a copy of the minister's statement?

Hon. Mr. Andrewes: I will be glad to distribute copies of my statement after I have given it.

Mr. Kerrio: It is not unusual to give us copies.

Hon. Mr. Andrewes: I quite agree. I have no precedent for doing this except it tends to distract people. I have these slides to which I want you to pay careful attention.

Mr. Haggerty: It would be a lot better if the screen were that way.

Hon. Mr. Andrewes: I am not in charge of setting up the room.

Mr. Chairman and members of the committee, I welcome the opportunity to appear before the standing committee on general government to discuss the strategies and goals of the Ministry of Energy.

It might interest members of this committee to know that the ministry is 10 years old this year. This ministry took shape during a period of great turmoil on the international energy scene. It was also 10 years ago that the industrialized nations, reeling under the first blow of the Organization of Petroleum Exporting Countries, learned the first hard lesson about crude oil: that we could no longer take its price and supply for granted.

A great deal has happened since that time, and in Ontario important strides have been made. During the past few years we have been carrying out many of the initiatives that were first described in Energy Security for the Eighties. This document, plus the 10-point program

which was announced in October 1980, provides a framework for Ontario's energy strategy.

The need for a comprehensive energy strategy for Ontario is clear. As the most populous and industrialized province in Canada, we are also the biggest energy user. Yet we import most of our energy from outside our boundaries.

This slide illustrates the various sources of energy that we rely on in Ontario: 51 per cent from Alberta, 26 per cent indigenous, 15 per cent from the United States, and of the balance, five per cent is from Quebec, two per cent is from Saskatchewan and one per cent is from other sources.

Mr. Kerrio: On a point of order, Mr. Chairman: Are these graphs included in the material we will get later?

Hon. Mr. Andrewes: Yes.

Mr. Kerrio: Thank you.

Hon. Mr. Andrewes: Ontario's purchases of oil and natural gas cost this province approximately \$9 billion this year. In 1973, by contrast, the province paid \$1 billion for about the same supply. Consequently, out-of-province energy policies and pricing have a profound effect on the Ontario economy. Our strategy is built on these facts. Our strategy is also based on reducing this country's dependence on insecure offshore sources of oil.

I would like to remind you of the major themes of our energy strategy: to provide a secure and adequate supply of oil, natural gas and electricity at reasonable cost to consumers for both the short and long term; to use energy more efficiently and to develop new technologies for conservation; to substitute other fuels for oil; to develop technologies for renewable and alternative energies; to protect the consumer interest by ensuring fair prices, safe energy systems and complete information for their energy decisions; to promote Canadian ownership and control of the energy supply industry; and, finally, Ontario must also be able to deal with possible interruptions to our energy supply.

2:20 p.m.

Those are the themes. In implementing this strategy we are dealing with many actors. The most visible of these are producers and distributors such as the natural gas utilities, the oil companies, Ontario Hydro and the municipal electric utilities.

In one way or another, everyone in this province is a consumer. If you will refer to the next slide, it gives you some perspective on how energy consumption in Ontario is broken down

and how we project the uses of energy into the next decade. In the case of A, it is low demand; B is a higher demand. That applies in the year 2000 as well.

Industry consumes the largest proportion of Ontario's total energy, or about 39 per cent. Transportation uses a 27 per cent share of total energy consumption, almost all of it from oil-based fuels. Residential usage consumes about 21 per cent. The commercial sector accounts for the remaining 13 per cent.

As you can see, the energy picture has many facets. The interests and opinions of many actors—the producers, distributors, regulators and consumers—are in frequent conflict. These groups often seek leadership and direction from the government of Ontario.

Part of this ministry's mandate is to provide this leadership and direction on all energy matters, to ensure Ontario's energy security. It is no small challenge. Ours is a pivotal role in the overall economic health of this province.

The marketplace: If one were to single out any change that has dominated events in the energy field in 1982-83 in Canada and internationally it would be the re-emergence of the role of the marketplace. Two key factors account for this. Growth in demand has slowed for all energy forms and, as a result, there has been intense interfuel competition.

Market forces have pulled oil prices down from the levels set three years ago; however, they are still very high by historical standards. Currently, OPEC oil is US\$29 a barrel. It is an irony that OPEC's attempt to control the world oil market by fixing prices at artificially high levels has played a big role in the re-emergence of competition in energy markets. These high prices have both dampened demand and encouraged new supplies.

Aside from this, there are structural changes that have given us more choice. For example, there are better distribution systems for natural gas and many more efficient technologies for making the oil we must use go further.

It would be useful to review for the committee just what these factors mean for the major energy forms used in Ontario.

First, I would like to discuss petroleum product markets. Conservation, improved efficiency and recession have driven down the consumption of oil in Ontario by 21 per cent over the past three years.

This third slide will give you some graphic illustration of the effects of that. You can see the change in demand in the petrochemical

industry, moving from 3.8 per cent in 1970 to approximately 11 per cent in 1982. Motor gasoline moved from 38.3 per cent to 37.8 per cent, probably mostly because of conservation and improved use. Light fuel oil for home heating changed drastically from 18.7 per cent to 11.1 per cent of consumption. Diesel oil shows a significant increase. Heavy fuel oil, mainly used in the industrial area, shows a substantial decrease. Other products, such as kerosene, lubricating oils and asphalt, show no change as a percentage of the total.

As a result, refinery capacity today exceeds demand; this is the case despite a number of refinery closures. Gas station operators are under intense pressure to maintain market shares; look at the widespread price wars and aggressive marketing tactics.

This is occurring at a time when the petroleum industry is restructuring. The competitive situation has also affected the oil-based petrochemical industry. This industry faces soft markets and low prices for its products. In the case of Petrosar, the major Ontario producer, this burden is compounded by an expensive feedstock and a heavy debt load. Band-Aid solutions are not sufficient to get this important industry back on its feet. Changes must be made in prices and supply of feedstock established by the federal government and energy-producing provinces.

The industry, too, must play its part by restructuring its financial arrangements to re-establish long-term viability. It is evident that if refiners and petrochemical producers are to be successful in the markets of the 1980s and 1990s, feedstocks and products must be matched. This is why Suncor's activities in Sarnia are especially significant. The current refinery construction has created much-needed economic activity, not just in Sarnia but throughout Ontario and elsewhere. The construction is also equipping that company for future strength by matching its products to market demand and improving efficiency.

The marketplace is also working in the case of natural gas. Despite the addition of some 400,000 residential customers in the last four years, natural gas demand in the province has not grown. This is largely the result of improved conservation habits, more efficient furnaces and appliances and, of course, a very mild winter in 1982-83.

This slide illustrates natural gas consumption in Ontario up to approximately 1982 and will give committee members some perspective on that. I would hope that if there are any questions

relating to these slides, members would feel free to ask them.

In the industrial sector, natural gas consumption is down, largely as a result of the recession but also because of competition from heavy fuel oil and coal. These circumstances reflect the fact that natural gas prices are too high for industrial consumers. They are also too high for natural gas producers with shut-in supplies in western Canada.

Both the federal and Alberta governments appear to recognize this problem. When they amended their agreement fixing oil and natural gas prices this past June, they agreed to meet with industry and the governments of consuming provinces to discuss incentive prices for industrial natural gas. If our manufacturing industry is to remain healthy its energy prices must be competitive with those of the United States, our major trading partner. To achieve this, we are pursuing the question of natural gas pricing in discussions with the Alberta and federal governments.

Electricity: Many of the critics of Ontario Hydro fail to appreciate that a lot of that corporation's current challenges arise from the same marketplace forces I have just been discussing. Electricity supply is the most capital intensive of all energy forms; therefore, planning the supply system requires the longest lead time. Even with slower economic growth, Ontario will continue to require a strong electrical generation, transmission and distribution system. Let us not forget the electronic marvels that are revolutionizing modern living—word processors, home computers, videocassette recorders, etc.—are only possible because of a reliable source of electricity.

Ontario Hydro has put a priority on addressing electricity marketing, stressing many of the advantages I have just outlined. I expect the chairman of Ontario Hydro will address some of these questions in more detail when he appears before this committee. The short-term circumstances of today's energy markets must not distract us from the long-term supply situation. To ensure energy security, we must continue to make the necessary commitments.

The Premier (Mr. Davis) and my predecessors have repeatedly pointed out that Ontario is committed to nuclear power because it uses resources that we have right here in this province.

As this next slide shows, even with the importance of nuclear power our energy supply remains diverse. By the turn of the century, we

could still be importing about two thirds of our primary energy needs from outside Ontario.

Are there any questions on that slide?

2:30 p.m.

Mr. Di Santo: Yes. I cannot see. It is not very clear.

Hon. Mr. Andrewes: Maybe we will start at the bottom, Mr. Di Santo. The blue section at the bottom is electricity supplied through hydraulic generation.

Mr. Di Santo: Approximately what?

Hon. Mr. Andrewes: Approximately one third.

Mr. Di Santo: Throughout what years?

Hon. Mr. Andrewes: The years are 1965 to 1982.

The next line, the red section, are fossil fuels, primarily coal. You see that this represents approximately one third.

The next line, the faded green part, is nuclear power and the top line, making up the total of those four components.

Mr. Haggerty: Mr. Chairman, on a point of clarification: I noticed that the fossil fuels deal with coal. With all the mothballing of the coal-fired plants in Ontario, would you still have that margin of spread, about 30 per cent of your total energy still produced by coal, or is that taken from it? Is that what you could produce, taking the mothballed plants into consideration, or is it producing that today?

Hon. Mr. Andrewes: It is electricity supply as it existed at the end of 1982. It is the electricity that Ontario Hydro supplied to Ontario residents and industries. It is the total consumption.

Mr. Kerrio: It is going to change considerably in the future.

Mr. Haggerty: I thought it would change now, the mothballing.

Mr. Di Santo: The next time, we will use the projections I mentioned.

Mr. Kerrio: We may not have a next time.

Hon. Mr. Andrewes: The yellow line at the top, of course, represents electrical energy received from other provinces in imports. That relates to the interconnections that Ontario Hydro has.

Mr. Kerrio: Would that be in balance with exports generally? Is it not just to accommodate the interchange in the capacity?

Hon. Mr. Andrewes: I would think that the export picture would look better than that proportion.

Mr. Haggerty: You can discount the yellow stuff.

Mr. Di Santo: That is the supply, actually.

Hon. Mr. Andrewes: That is the consumption to the end of 1982 and how it was generated.

Mr. Kerrio: But you are showing it as if the yellow is a source that we are importing. In fact, if it is in balance we are not. We are just getting it through different wires.

Hon. Mr. Andrewes: I see what you mean.

Mr. Kerrio: We really are not importing electricity.

Hon. Mr. Andrewes: We are a net exporter of electricity, if that is what your question is.

Ontario's energy strategy is to meet our energy needs from sources within Canada. This means we support the search for Canadian oil and gas and we are doing our part through investments in Suncor, Polar Gas and Trillium Exploration.

The construction of Pickering B, Bruce B and Darlington are also vital parts of this strategy. They will put us at an advantage over many of our US competitors who have to rely on gas, oil and coal for generating electricity, with the resulting economic and environmental problems.

Mr. Kerrio: How come you always leave the hydraulic option open?

Hon. Mr. Andrewes: We are coming to that.

Mr. Kerrio: No, in your statement, you did not mention hydraulics.

Hon. Mr. Andrewes: In the long term, the electricity generated from these fuels will cost more than the nuclear-generated component of Ontario's electricity.

Mr. Haggerty: Oh, that's hard to believe. You can't prove that.

Mr. Kerrio: They are going to try to.

Hon. Mr. Andrewes: Inquiries to the ministry and research indicate that the public views us as an independent and objective authority on, among other things, converting home heating systems from oil. I am sure that Mr. Kerrio and Mr. Di Santo and all members of the committee would unanimously agree with that statement.

Mr. Kerrio: Those cartoons.

Hon. Mr. Andrewes: Our objectivity is without question.

Mr. Kerrio: Who does them? Is that a cartoon division that you have now? A branch of the Ontario Energy Corp.?

Hon. Mr. Andrewes: We will soon release the latest consumer edition of our ongoing research

into alternatives to oil heating that will update a booklet called Weighing the Oil Drop Decision, one of the most popular pieces of consumer information ever published by this ministry.

Mr. Haggerty: You may have to take a back seat on that comment. You are having difficulty with the nuclear plant at Douglas Point right now, as well as at Pickering. You may have to eat those words.

Hon. Mr. Andrewes: We take a back seat to no one.

Mr. Haggerty: We will get into that.

Hon. Mr. Andrewes: We are also concerned that we get across the message to consumers that we in Ontario cannot relax our efforts to conserve oil. This is why we have been sponsoring media messages to remind people that oil is a finite, nonrenewable resource and that conservation and oil substitution are still important.

I would like to take just a minute to explain to the committee some of the evidence for this assertion. The federal government's projections of supply and demand for Canadian crude oil are that consumption will fall by about one per cent per year to 1990, and grow slowly from then onwards. The top line of that graph, the green line, indicates that projection. Again, it moves from 1961 to the year 2000.

Mr. Haggerty: They have been wrong so many times in the past, have they not?

Hon. Mr. Andrewes: Who? The government of Canada? That great Liberal government of Canada? I cannot believe they have ever been wrong.

Mr. Kerrio: They remind me of Billy and your friends.

Hon. Mr. Andrewes: Despite this, imports will likely rise. This will happen as western Canadian production of conventional old oil continues to decline. By 1990, the production of this old oil will be down to half of the current levels. If you look on that chart you will see that the bottom section, the deep red section, illustrates the conventional old oil. You will see how it falls off by the end of the century.

Mr. Haggerty: You have the fields in the Arctic islands coming in, though.

Hon. Mr. Andrewes: Just wait, that is the next line.

Mr. Haggerty: Of course, many of those figures upon which the government bases its decision have been sent to the National Energy Board by the interested parties.

Hon. Mr. Andrewes: This is why Ontario supports the federal government's target of Canadian crude oil self-sufficiency by 1990. Reaching that target will depend on having frontier and new oil sands supplies by the end of this decade.

Looking at the international scene, we all know that there is an oil glut on the world market right now. But for how long? How much of the recent fall in oil consumption will be regained when our economies recover from the recession? No one knows that for sure.

The best estimates point to tight supply and upward pressure on world prices in the late 1980s or early 1990s. That is when the traffic across the Peace Bridge to Fort Erie, for those consumers looking for a better bargain, will return.

Mr. Haggerty: Why? People in Fort Erie are going over to the United States to buy cheaper gas.

Hon. Mr. Andrewes: It is cyclical.

Mr. Haggerty: Cigarettes and liquor, too.

Hon. Mr. Andrewes: We heard from you two years ago that they were coming the other way.

Mr. Haggerty: Now you are not in the price range though, are you?

Hon. Mr. Andrewes: The International Energy Agency, of which Canada is a member, has warned repeatedly against complacency brought on by the current short-term oil glut. You just have to look at the current war between Iran and Iraq to see how vulnerable world oil supplies are.

2:40 p.m.

To ensure that Ontario is prepared in the event of a shortage, we are working with the federal government, other provinces and industry to put contingency plans in place in case of a supply disruption.

I have gone into this outlook in some detail to stress for you why our energy programs are still important. I would now like to go into some of these programs in detail.

The first is alternative and renewable energy. Would you just cast your eyes to that particular slide, which illustrates the potential of renewable energy in Ontario by 1995.

The alternative and renewable energy program embraces not only renewable sources such as wood, wind and solar, but also the use of conventional energy forms such as natural gas as alternatives to oil in transportation. Because we see development of new energy technology

as a high-priority issue, we help fund a broad range of innovative technology.

In this context, fiscal 1983-84 is a turning point. Significant progress has been made in many fields over the last five years. A good data base on the technology and the economics has been developed by the ministry. Based on this information we have completed an assessment of the potential for a wide range of alternative and renewable energy technologies.

We have found that about one third of these technologies are at a stage where governments should support private sector efforts to commercialize them within the next five years.

Mr. Kerrio: You cannot let it move too fast. It is like the New Democratic Party, you have to just keep them in proper perspective. Do not let them get too strong.

Hon. Mr. Andrewes: That is a nonpartisan comment coming from a partisan politician.

Mr. Kerrio: The devil made me do it.

Hon. Mr. Andrewes: Another group of technologies merits long-term research and development. As a result of these findings we are shifting our resources to provide balance between commercialization and the longer-term research and development effort in Canada.

Some of our major achievements are, first of all, in the solar field. Low-energy homes with passive solar features are being offered by builders. This follows the successful three-year development and demonstration program with the Housing and Urban Development Association of Canada. Many of these homes cost less than \$200 a year to heat.

For those members of the committee particularly interested, I could take you to some demonstrations of this technology in the great riding of Lincoln, close to the southerly boundary of that riding in the town of Fonthill, for a real live demonstration of passive solar technology and the benefits of it.

Mr. Haggerty: There is a lot of wind energy there, too, is there not; a lot of hot air?

Mr. Kerrio: Then you slap a big tax on the people who are supplying the units to do this work. That is how the government functions.

Hon. Mr. Andrewes: This is passive solar.

Mr. Kerrio: You have to talk to the other ministers and say, "We are going to do this and you are going to help."

Hon. Mr. Andrewes: Active solar systems are now cost-competitive for heating swimming pools. Those of us who are deprived of that

benefit can look forward to these things in the future.

Many commercial-industrial solar energy systems are already cost-effective on a life-cycle basis.

In the area of small hydro, we have chosen sites for seven demonstrations of small systems. We will soon be announcing the locations of these demonstrations as part of our bilateral program with the federal government.

Mr. Haggerty: You said that 10 years ago.

Hon. Mr. Andrewes: Then you will be glad to hear the announcement.

In the area of energy from waste, there are several municipal solid waste projects which are now approaching commercialization. At the London Victoria Hospital, a plant to burn municipal garbage and sewage sludge has nearly completed the environmental assessment process. Other projects have been reviewed, are considered economically feasible and await project sponsorship.

In the area of wood energy, some 36,000 residential wood-burning systems have been installed in Ontario since 1980. On the institutional and commercial side, several demonstrations are under way. A wide range of wood energy applications are proving to be technically and economically feasible.

This is true even in today's environment of soft oil prices. If you will refer to the slide again, you will see the locations throughout the province; the bulk of them are in northern Ontario. These are some of the mills where wood waste is used as an energy source. I do not see anything on there for North Bay.

Mr. Harris: Sturgeon Falls is very active in that area—a pioneer in the field. This has been achieved with the support of the government of Ontario and your ministry, and we are very appreciative.

Mr. Chairman: I might add that the furnaces to burn that material are made in Orillia.

Mr. Kerrio: And then another ministry taxes the stoves and pipes that are put in. I remember asking 10 times that the tax be taken off.

Mr. Harris: You know they can afford the energy tax.

Mr. Kerrio: If it is an alternative you are asking them to participate in, you should not tax them so they cannot.

Hon. Mr. Andrewes: In the agricultural field, under the agricultural energy management program, there are dozens of agricultural energy

demonstrations throughout the province, along with numerous research and development activities. These projects range from conservation to the use of farm products and wastes as energy sources. The greenhouse energy efficiency incentive program is providing \$1 million per year to help reduce costs in this energy-intensive industry.

In the area of alternative transportation fuels, more than 20,000 vehicles have been converted to propane since this government announced its alternative transportation fuels program in 1980. We are well on the way to accomplishing our interim target of two per cent gasoline displacement by 1985.

Again I would refer members to the slide, which demonstrates transportation energy use and projections made up to the year 2000. It includes a section on alternative fuels, and it grows as one moves towards the year 2000. Gasoline of course remains the major source of transportation fuel, with diesel taking an increasing proportion. Other petroleum products are the top line.

Mr. Harris: What is "other petroleum products" as distinct from alternative fuels? Is propane not a petroleum product?

Hon. Mr. Andrewes: No.

Mr. Harris: That is not ethanol?

Interjection: Natural gas.

Mr. Harris: What are the other petroleum products?

Interjection: They are down at the bottom.

Mr. Harris: The blue one—is that a petroleum product?

Hon. Mr. Andrewes: You have asked me a question I am unable to answer at the moment. Perhaps we could have some advice from one of the members of the ministry staff. Does anyone wish to volunteer?

Mr. Harris: I am sorry I tricked you so soon.

Hon. Mr. Andrewes: Dr. Higgin is the executive co-ordinator of renewable energy.

The question is, what is the top line, "other petroleum products"?

Mr. Kerrio: They could be lubricating products, could they not?

Hon. Mr. Andrewes: I suppose to some extent it is.

Mr. Kerrio: You have to put lubricating oil in your car too; you do not burn it all.

2:50 p.m.

Dr. Higgin: It refers to applications other than road transportation—usually marine, which

uses number 4 or bunker fuel, jet turbo fuel for aviation, and other types of gas turbine fuels, also for marine use. We also used to have a rail turbo system. But it is really the marine and the aviation sectors that we are referring to.

Mr. Kerrio: Would this include the lubricating oils?

Dr. Higgin: Lubricating oils are shown separately. This is the actual fuel consumed to drive transportation, according to the Statistics Canada definition. It is mainly the marine and aviation sectors, and marine would probably be the larger of those.

Mr. Kerrio: We were only groping for answers, but would the lubricating oils play a large role? Would they be significant?

Dr. Higgin: Lubricating oils are reported separately as a petroleum product; they are not considered transportation energy. Although a lot of engines inadvertently burn lubricating oil, it is not considered a source by Statistics Canada. It is another petroleum product and reported separately.

Mr. Kerrio: Where would it show up in the use? That is what I am asking.

Dr. Higgin: It would show up along with other petrochemicals and other petroleum products in the Statistics Canada information.

Mr. Chairman: You will find it on page 20 in here.

Mr. Harris: I do not want to interrupt your presentation, minister, but you are very obviously showing a growth in marine fuels and in aviation fuels from 11 per cent to 14 per cent and 16 per cent. Would that be based on somebody's projections that marine and air transport will play a larger role in the future? Is that what I could read into that?

Dr. Higgin: I am not familiar with the data that went into that sector of the transportation demand model. You would have to ask somebody from the strategic planning and analysis group, and I do not think there is a member of that group here. We can certainly get the specific answer to that question, but I would agree with your interpretation, it does appear that we are projecting a growth. No doubt they have the actual assumptions and they can be more definitive about the actual growth rates.

Mr. Harris: I know these are federal statistics and if they were provincial you would have the answers.

Mr. Kerrio: No. You would more likely have

to go there to get the answers; that is the problem.

Mr. Chairman: Perhaps we can have some of those same questions after the minister is finished.

Hon. Mr. Andrewes: I think this particular slide has been a joint effort.

Mr. Harris: I am sorry; I was just curious. It is a pretty significant assumption.

Hon. Mr. Andrewes: The ministry believes that neat methanol has long-term potential for displacing gasoline in Ontario. A major demonstration program will be under way this winter.

These examples are part of a comprehensive policy on energy technology development which will help ensure energy security for Ontario in the longer term. But it goes farther than that. Our strategy will also generate opportunities for manufacturing; this means jobs for Ontario.

Conservation: I refer you to this slide, which illustrates the success we have had in terms of conservation. We have made progress in energy conservation during the past year despite the tough going. The general economic recession has dried up funding for many projects in oil substitution, energy conservation and development of new energy technology. Cash-hungry firms often cannot spare the capital resources for such projects, even if they have attractive payback periods.

We are currently studying alternative approaches to financing such energy projects and to develop a plan of government action to encourage these alternatives. This is an important first step in helping finance much-needed energy projects. Equally important, it will improve the financial leverage of government programs.

As I have said before, and as I keep reminding people during my speaking opportunities, it would be unfortunate if we let people think that our energy problems are over. Thinking that there is no problem with energy supply could set back the province's progress in oil substitution, energy conservation and the development of alternative and renewable sources of energy.

We know that households and businesses across Ontario are curbing their use of energy. Average household consumption of oil, natural gas and electricity has fallen. Industries are finding new ways to reduce their energy demands per unit of output. Space heating in commercial, institutional and government buildings is becoming more energy-efficient. Substitution away from oil is well under way.

If you will refer to the slide, it shows the commercial sector of energy conservation and

the kinds of things that have been accomplished there. In the two circles representing the bite that the commercial sector took from the energy supply, from the circle on the right you will notice that the use has shrunk somewhat compared to the circle on the left, representing 1970.

You will also notice the distribution of various energy sources from 1970 to 1980. Coal is eliminated in the scenario on the right. Electricity has grown to 34 per cent and natural gas to 49 per cent, while oil has declined to 17 per cent from their previous levels.

The benefits to the Ontario economy of improved productivity could be enormous. The costs avoided by improved industrial energy efficiency translate directly to higher retained earnings. That means additional capital investment or dividends for shareholders. Reducing energy costs means higher disposable income for increased consumer spending. Investments in conservation and efficiency mean jobs in Ontario.

To show you how much further we can go, you might be interested in knowing how Canada stacks up against comparable member countries of the Organization for Economic Co-operation and Development. Germany and Sweden are similar to Canada in their dependence on heavy manufacturing, but they use less energy per unit of output. In fact, Canada lags well behind the OECD average. As heavy consumers of energy, we still have a lot to do to become competitive with our trading partners.

Governments have an important part to play by stimulating change in the marketplace. I believe the Ministry of Energy is doing just that. This ministry has played and will continue to play a leadership role in Ontario's energy security. Many of these themes are explained in a document titled Medium-Term Planning Guidelines, and that is the big blue one, appropriately labelled and coloured. In it, we explain the environment, the planning themes and the key activities of the next three to five years. Copies will be made available to you.

To help explain these items in more detail, I invite members of the committee to set aside some time to view video clips of films the ministry has made explaining the various technologies. The clips are from five different films produced by the ministry and take a total of 40 minutes to view, from beginning to end. We have arranged to show them before the next sitting of the committee in this room, beginning at 9:20 a.m. next Wednesday, November 2.

Coffee will be served if the room happens to be unlocked when we arrive.

I welcome the questions and comments of this committee as you review my ministry's estimates. But before giving the floor to other members of the committee, I would like to draw the members' attention to a few matters in the printed estimates themselves.

Our 1982-83 estimates were considered by the standing committee on resources development, but I am sure the members of this committee have done their homework and have noted the changes that have been made from the 1982-83 estimates.

Mr. Kerrio: I do not do homework. I am never home to do homework. I do all my work right here.

Hon. Mr. Andrewes: I understand that problem. I have asked Tony Jennings, our executive co-ordinator of management systems and services, to prepare a few remarks. You may wish to hear them now or to wait until after the opening statements from the critics. I leave that up to the wishes of the committee.

Mr. Kerrio: I, for one, would like to hear them so that we can comment on them.

Mr. Chairman: Mr. Di Santo, which would you sooner have? Now? Okay.

Hon. Mr. Andrewes: Perhaps Tony Jennings could come to the table and draw your attention to these changes.

3 p.m.

Mr. Jennings: Mr. Chairman, the minister has asked me to outline some improvements and changes that have been made in the printed estimates. The effort was carried out under our previous minister's guidance and that of our current minister, who was then the parliamentary assistant.

I am going to be referring to pages in the printed estimates. They are at the front of the spiral-bound white book you have. I have some extra copies of the printed estimates if anybody wants them.

First, working with Management Board secretariat staff, we revised the estimate structure to reflect more clearly our activities and the budget allocation.

In the ministry administration program, on page R28, financial services has been set out separately. That continues a refinement that was started in 1982-83, when analysis and planning and the legal services activities were separated. The titles used in the ministry administra-

tion program were standard ones used by most ministries in their administration programs.

Funds for ministry administration programs in total have increased somewhat owing to this separation of budget for financial services. The function had developed in the care area and was found last year in the energy conservation program, but it was moved up into the ministry administration program for clarity.

In the conventional, alternative, renewable energy and energy conservation programs on the following pages, the activities have been restructured to provide some more information.

For example, on page R36, in vote 2003, which is the energy conservation program, you will see that funding for transportation, community energy management, buildings, industry and education projects has been separately detailed. In the 1982-83 printed estimates, these were lumped together under the title of "energy conservation projects."

We hope this provides more useful information for members' consideration in the Legislature. It is also useful internally in the ministry and, I trust, in the deliberations of cabinet and its committees.

Some members may ask where in the budget some specific technology is located. We tried to limit the breakdown to strike a balance between giving you enough information and overloading you with detail.

On page R34, for instance, you will see the alternative and renewable energy program, and in that the last activity is remote power and small-scale hydro. They are combined, giving us some flexibility in the budget allocation but still setting out the information for you. We think we have struck a reasonable balance in that information load.

Second, I trust we have provided some improved information on the funding for the Ontario Energy Corp. In vote 2006, which is found on page R40, we have changed the title slightly. It was titled "energy supply program" and "Ontario Energy Corp. administration" activity in the 1982-83 estimates.

The fact is that the OEC legislative mandate, as specified in the Ontario Energy Corporation Act, is "to invest or otherwise participate in energy projects," using the capital provided for such purposes by the shareholder, the minister on behalf of the government.

The OEC's administration is not specifically funded by the general revenue fund. Thus it was felt that since the OEC invests in ventures other than energy supply, it was appropriate to change

the title of the program to "energy investment program" and that of the activity to just "Ontario Energy Corp." The program description has also been amended slightly to include reference to energy technology and conservation.

Mr. Haggerty: Sounds like we are burying Suncor.

Mr. Jennings: During 1982-83, the ministry made another clarifying change. This one was worked out with Treasury staff because it involved an accounting matter. On page R41 of the printed estimates you will see information outlining a transfer payment of \$43.75 million. This is the amount of the interest due in the fiscal year on the Sun Co. Inc. note and reflects the government's support for the Sun Co. Inc. note payments.

In this regard, there is also a disbursement of \$39.25 million which includes \$16.25 million for purchase of further shares in Ontario Energy Corp. This purchase provides the financing for the principal amounts due on the Sun Co. Inc. notes in the fiscal year.

Thus the \$60 million for the note payments has been divided into two parts. This change in accounting provides more information for you and more clearly reflects the government support for the purchase. It also allows OEC's operation to be more clearly reflected in its own annual reports and financial statements.

While this approach was not adopted in time for the 1982-83 printed estimates, it was used last year and that is the way the public accounts will appear for the year, setting that out more clearly, we hope.

I think that covers the main structural changes in the printed estimates.

Mr. Chairman: Do you have anything further to add, minister?

Hon. Mr. Andrewes: No, not at this stage.

Mr. Chairman: All right. Mr. Kerrio, you probably have one or two questions.

Mr. Kerrio: No, Mr. Chairman. I would like to deal with the minister's statement and the subsequent statement from Mr. Jennings. I will make a few comments relating to these remarks and then carry on.

We have a very important and significant role in acting as critics of the various ministries. This particular ministry, because of its many facets, because of its many involvements, is going to be one of the ministries that takes a great deal of time and research to really deal with. We certainly are somewhat disadvantaged because of the fact that we are deluged with great

numbers on the side, not only of the ministry but of all the ancillary companies that the ministry and the government have seen fit to incorporate or set up in one fashion or another on behalf of certain interests in the energy field.

We feel that we really can zero in on only specific areas with what you might consider, when compared with the government, quite limited resources. It is a constant battle to improve that position because in the complexity of government as it exists today, I think more and more people realize that good research and dedicated people on the opposite benches, who bring the government to task for what they feel are errors in judgement or whatever, is a role that becomes more and more difficult as we move into the 1980s and 1990s and as the complexities increase.

It also points up that in many instances when commissions are formed to address themselves to a specific mandate or purpose, it is all done with very good intentions and goodwill. The problem I have is that in many instances when they outlive their usefulness or when the mandate should be changed, the government is very hesitant to do so and uses many excuses to explain why those things should not be done.

I am sure the member for Downsview (Mr. Di Santo) was of the same mind when we said we would really like to deal at great length with Ontario Hydro. I feel it is a typical example of a mandate, though originally well intentioned when it was dubbed Ontario Hydro, that has subsequently slipped from what might be considered a very worthwhile purpose in our energy capacity.

3:10 p.m.

I think of the proud times when they said, "Ontario Hydro." I keep repeating the name because I want it to really ring a bell with you. I think it is really a misnomer. I think that when there was a great change in the mandate, there should also have been a change in the description of this energy giant.

When even a small company goes to the government to get a mandate to do something, it very ably describes what its purpose is and what latitudes will be allowed under a particular charter, and the name somehow has to reflect its purpose.

I have said very recently that this giant really should be renamed. Ontario Hydro is only one third hydro. Its balance is off in so many different directions that you might rename it the Ontario Energy Enterprises Corp. Or possibly it was the brainchild of a mythical company that

could be called Empire Builders of America Inc. or whatever other thing you want to dub it.

The reason I bring that into focus is very valid. It is the point I would like to make initially before I go into some other areas. It does not make any sense to charge mortal men with a responsibility that is so contradictory that they are probably always in a great dilemma with themselves as to how to cope.

We have come full circle with Ontario Hydro, which in the initial stages generated electricity with water power. In that day, as I recall, the catch-phrase was, "Hydro is yours—use it!" That Hydro slogan started in 1936. It was a good phrase. It made a lot of sense. Once that big installation was put in and was running along at half capacity and someone turned some switches on somewhere, all that had to happen was that you opened the gate a little wider and you let some more water in. It was actually no added cost. It seemed that the rate structure and everything else around Ontario Hydro had been developed from that initial common-sense stage of hydraulic power.

That is no longer true. When you turn a switch on now or demand more power, many other things happen. Somebody has to put another bundle of nuclear fuel in the plant. We are confronted with many ramifications of the intricate system of nuclear power. We wonder what we are going to do with that fuel bundle after we take it out of the reactor. We just do not know yet. Can you imagine building something when you do not know what to do with the spent fuel?

Hon. Mr. Andrewes: You are not going to tell me that Niagara Falls was built without some public outcry?

Mr. Kerrio: I am not talking about outcry. I am talking about people who had the determination to build it. The original purpose of it was to have renewable power; it is there constantly. We do not put any fuel to it.

Hon. Mr. Andrewes: We produce electrical energy for the province.

Mr. Kerrio: That is a useful tool. What I am trying to point out to you is what I consider the major mistake made by Ontario Hydro executives. When I talk about executives, I am talking about the people who make the determinations and decisions about in what direction to go. I cannot really quarrel with the workmen, with the kind of expertise we have below that executive level at Ontario Hydro. I imagine, without

contradiction, that they are the very best in the world.

But to carry on with this theme that I am trying to develop, when we turn that switch on now we pull a fuel bundle into the reactor and then we get into all of the ramifications of that situation with all of the inherent dangers from the plant, from the spent fuel and from all of the other things at work in that plant.

We also have them put in another batch of the high-sulphur coal that Ontario Hydro has seen fit to become involved with. It is not buying our western coal so it means pollutants are spewing into the air. This includes the determination by Ontario Hydro that they might sell power to our good American friends, thus pouring acid rain all over Ontario because they did not put scrubbers on the plant that was going to generate the power.

There have been huge expenditures on oil contracts. We cannot use the oil because the prices have gone out of sight but we are paying because we entered ridiculous contracts. All this points up the very significant mistake made by Ontario Hydro: it did not pursue every last vestige of hydraulic power that existed in the province before going into other options.

I have no argument against alternative fuel sources and other methods of generating electricity. I am not anti nuke; I am not against any other form. I would be for Hydro's policy as long as it could make a good argument that it had done everything sensible to produce every last bit of hydraulic power. It should have done everything possible—load management, conservation, all the things that should have been done—before it built the first nuclear plant.

This was not done by a corporation that had a mandate that was all-powerful and all-encompassing, nor by the government. The government told us it did not have influence over Ontario Hydro, that it should keep it at arm's length from the Legislature, that it should not make a political football of it.

But they were really misguiding us a little. When the corporation went sort of crazy with its expenditures, former Treasurer Darcy McKeough did have a big lever on Ontario Hydro. He had the ability to limit its borrowing power. So while the cabinet was telling the people that Ontario Hydro was an entity unto itself, the reality was that the Conservative government could control and direct it at will.

So that argument does not hold water. The Legislature could have stepped in and sent Ontario Hydro some direction as to where it

should be going. I raised the question, and so did our former critic, on many occasions. We said Hydro should have developed every last vestige of hydraulic power. We were told many times there were no worthwhile sites in the province that should be developed.

I see this minister is going to have a small hydro-workshop in 1983. Bully for him. I think that is really progressive thinking—not Conservative, but progressive thinking. But how could so many ministers—including this one's predecessors and the Premier—tell us there was no point in pursuing this argument because there were no sites available? How many times did they tell us there were no more Niagaras?

Mr. Haggerty: That is a fact.

Mr. Kerrio: I happen to think there might be many Niagaras throughout this great province of ours. I think there were many areas that could have been developed. No one will argue the fact there is just no better power than hydraulic power. No matter how one bends the nuclear option or any of the other options, in the long term hydraulic is the way to go.

Yet every time we on the opposition benches asked why Hydro was not developing them, this ministry and other ministers over there told us we did not know what we were talking about. Now it seems we did know what we were talking about and the government is going to take advantage of our argument.

I think this might be a very worthwhile project only if it is done by the private sector. Faced with the realities of high costs, if it was a small plant with two or three people on three shifts around the clock, not enough power could be generated to make it pay. But for a small entrepreneur who maybe is going to live on the site with his family and have what you might call a semi-automatic system and generate power and put it into the grid and earn himself a pretty nice livelihood doing it, it would make some kind of sense. The other one would not.

3:20 p.m.

Mr. Hennessy: You are dreaming. People will not do that today; it was 30 years ago they did that.

Mr. Kerrio: Mickey, that is what this workshop is about. I hope it is successful, I really do, because I think it makes so much sense and I hope that people will become entrepreneurs and get back into the kind of thinking that made our country what it is today. There are a lot of people like that.

Mr. Chairman: Just ignore the interjections and carry right on.

Mr. Kerrio: Mickey makes some good points. I wanted to relate my concerns to him that maybe this is going to be the way to go.

I have to think though, and it is a real, deep-seated feeling with me, that having had that huge club over our heads for all these years—that we were going to have blackouts or brownouts or that we were going to suffer if we did not have a great power supply there waiting for someone to pull the switch and turn over some new factory—has cost us dearly. I am not really sure everyone sitting in this room understands what the impact is going to be when the real costs hit us.

Mr. Chairman, I am sure you are aware that on many of these major multi-billion dollar investments being made today, we are only paying the carrying charges now. The hard facts are going to hit us two or three years down the road when supposedly these things come on stream and we have to start generating the funds to pay the money back. That is somewhere down the road.

I do not see minor increases in the cost of hydro to the users here in Ontario; I do not see seven or eight per cent increases. I see maybe a doubling or tripling of the costs of hydro somewhere down the road in the not-too-distant future because we decided to develop every last bit of power using these other options, whose costs are now surfacing. Now the real costs are beginning to come out.

Minister, my purpose today would be to try, in some small measure, to convince you that you should not get caught in the trap in which the last two ministers have been caught, because Mr. Baetz and Mr. J. A. Taylor were both sort of trapped.

Mr. Haggerty: They were not around too long, either.

Mr. Kerrio: Right here, in this very committee, they sat at that desk telling the committee there was going to be a new era in Ontario Hydro. The doors were going to open and we committee members were going to get a lot more information.

Within the hour, the then chairman, whom I think was Mr. Taylor, told Mr. Baetz that was not quite true. He did not have the ability as Minister of Energy to promise us things on which only the chairman of Ontario Hydro and the board would make the decision.

So it is not really a wide-open-door policy yet.

We came a long way in the minority government situation to get some doors open, to begin to really get some startling facts about costs, but there is still the mandate existing that causes Ontario Hydro—imagine, if this was a private company it would have shareholders, it would have shareholders' meetings and the people who would be expected to do some of the financing would have something to say about the running of the company.

Not many people who are hydro users understand that the average citizen of Ontario does not have a thing to say about that huge corporation, that the mandate says the Ontario Hydro management has to answer only to the chairman and board. There is no other company in the free world that does not have to answer to the stockholders, but Ontario Hydro is in that ideal position, if you are going to be an empire builder.

Ontario Hydro also has had tremendous support from your ministry, allowing it to function in a way in which it does not always have to compete with other people or groups. What a farce it is when Hydro appears before the Ontario Energy Board to present a proposal for a rate increase. It is a complete and utter waste of time, because Ontario Hydro has the mandate to charge what it will after the energy board makes a determination.

No other company appearing before the energy board has that latitude. It would be like standing before the judge, having him hand down a decision and you saying, "I am sorry, Your Honour, I am not going to abide by that decision. This is my decision."

The former Minister of Energy, the Honourable Bob Welch, thought he was going to embarrass me when he shouted across the floor to me: "What would you do? Would you strike down the Ontario Energy Board?" I said, "Certainly I would." I was not embarrassed by saying that at all.

Unless Hydro has to perform as does every one else and accept the decision of the energy board, why bother making the proposal? It was obvious during this last go-round that the energy board told Hydro it should ask for a little more than six per cent and that Ontario Hydro said: "We are not going to live with that. We are going to 7.8 per cent."

Hon. Mr. Andrewes: Would you make the energy board responsible for the financial integrity of Ontario Hydro?

Mr. Kerrio: You have asked a good question. You are sitting on the other side answering

questions. I am going to say to you, as they do when any peers get up, "That is a good question."

I would answer that by asking, what would happen with the other people who appear before the board? What happens with anybody who appears before the board? I would just treat them the same way. I am not talking about better or worse, I am only talking about the price of attending.

Maybe your argument should be that they should not attend. What is the purpose? I do not see any useful purpose of wasting all that time at the energy board if Hydro is not going to have to adhere to a decision handed down by the board. If we are wasting the board's time, we are wasting Hydro's time, we are wasting everybody's time. I come from the construction field. I like to think that in this country, with its democratic process, when you compete against someone else you are playing the same kind of game. You do not play with the referee playing for one of the teams.

I have also quarrelled that Ontario Hydro has been the biggest construction company in Ontario, and that should not be. I will not go so far as to say Ontario Hydro should be a privately owned company, but I do think that much more of its construction could be bid upon and done by the private sector.

The reason I am bringing this into the argument is that Ontario Hydro did not have to live with the mandate of the contractors when we passed province-wide bargaining for the construction industry. Why? What sort of mantle does Ontario Hydro have about it that you could ask the contractors to make some sensible arrangements about province-wide bargaining, but Hydro does not participate?

Then there are times in certain places where Hydro does not have to perform before environmental hearings. There are so many things you have allowed Hydro to do that takes it out of what might be considered a fair competitive position in our society. That is what I am arguing about.

The fact is that at some time you are going to have to decide that you are going to alter the Power Corporation Act and make Hydro fit more specifically into a slot, where it is going to function as one spoke of an energy wheel.

When you talk about an energy program, that is a laugh. There is no such animal. If Hydro is one of the children of the so-called plan, I have to tell you that the other spokes are going to be pretty weak.

We do not have to talk too much about this

spoke, the Suncor spoke. That is a real lulu, that one; it is more like a bottomless pit. Forgetting that for the moment—

Hon. Mr. Andrewes: Have you seen this?

Mr. Kerrio: No, I am just talking about the Progressive Conservatives buying it at all.

3:30 p.m.

Hon. Mr. Andrewes: I thought you would be interested to note that—

Mr. Kerrio: I am not going to take that side. I do not care whether it wins or loses; I just say you should not be there. Buying oil companies is not something Conservative governments should get involved in. A window into the scene and all that malarkey does not satisfy me. If you wanted to make investments, you could go to the track and bet. You might win for the people of Ontario and you might lose. I do not like speculating on behalf of the government.

Hon. Mr. Andrewes: Your leader made a modest investment, I understand.

Mr. Haggerty: And he is worried he is going to lose like you fellows.

Mr. Kerrio: He is not worried. I think his comment was more appropriate when the Premier (Mr. Davis) talked about investing. Our leader said to him, "It is a good thing you do not invest in some of the things you buy for the taxpayers, because you might have difficulty keeping your house in Brampton," which he always refers to.

Anyway, this is the biggest single bureaucratic nightmare in Ontario, and that is why we address most of our time to it. There is no question that it has got completely out of control. Unless you do some of the things that I have suggested, such as changing the Power Corporation Act to make Ontario Hydro competitive so it plays by the same rules and emphasizing the other alternative energy sources, it is going to remain out of control.

How can you possibly accept the fact that Ontario Hydro is caught in the throes of such tremendous overbuilding that you are making cartoon ads to try to sell some of this power, and at the same time you are charging them with the responsibility of conservation? They want to sell power, and they are going to be in charge of conservation. They want to sell power, and they are going to get into alternative energy sources. How can you possibly make that their responsibility?

It is about time that a very clear, new mandate was described for Ontario Hydro decisively

stating that they have to become competitive, that they have to be much more responsible and that we will go into load management. There is no encouragement for people to shut off their lights or conserve. It costs a lot more per kilowatt for electricity for an old retired couple to heat their water for a cup of tea than it does for someone of means to heat his swimming pool. Somehow that just does not sit well with me. That is the truth.

Mr. Chairman, did you know that? You are nodding your head no, but it is the truth. Listen to what I said. I said it costs more per kilowatt for a couple on a fixed income to buy electricity to heat the water for their cup of tea than it does per kilowatt to heat a swimming pool.

Hon. Mr. Andrewes: That is only if you are fortunate enough to have a swimming pool.

Mr. Kerrio: Some of the cabinet ministers now, and a lot of their helpers—everybody on the other side has extra money, but certainly not us.

Hon. Mr. Andrewes: I don't have a swimming pool; don't look at me.

Mr. Kerrio: You have not been there long enough. Wait until you are there a little while.

Hon. Mr. Andrewes: I see.

Mr. Chairman: You have one, Vince.

Mr. Kerrio: No, I do not.

Hon. Mr. Andrewes: He has a river.

Mr. Kerrio: Of all the things we deal with here—and we are going to get into the matter of debt through the various votes on other subjects—this is the one that people who hesitated to criticize before because of the fright of black-outs and brownouts are beginning to be concerned about.

A couple of things have happened. We have been screaming for a good long time about what we felt was unfair. People were willing to pay reasonable rates to have a large cushion of extra capacity sitting there, even if they did not use it, but I do not think they want that capacity sitting there in the form of nuclear power.

Mr. Haggerty: It is wood stoves now, Vince.

Mr. Kerrio: Whatever. I just think people now are beginning to wonder whether they are satisfied to sit back with a big nuclear plant as their power source. I wonder whether they are comfortable with all this thermal capacity and the resulting killing of our lakes and those other things that go hand in glove with thermal generation. I wonder whether they look—

Hon. Mr. Andrewes: There is a phasing out of our thermal generation.

Mr. Kerrio: The people I am talking about now were never critical of Ontario Hydro; they had no reason to be. But they are beginning to be critical now and are beginning to attract attention. These are the people who are picking up the tab, and they are critical only because of these other reasons—they were not before.

These people realize that Hydro is not answerable; if the energy board tells Hydro it may have a seven per cent increase this year and Hydro says the increase will be 15 or 20 per cent, it will be entitled to it. These people realize that once all these nuclear plants come on stream and are commissioned and they will have to pay for the capital costs as well as the carrying charges, the rate increases are going to be astronomical.

Now we are beginning to have people listen. My role here is to have the minister listen instead of being an apologist. I always find it confusing here. The Minister of the Environment (Mr. Brandt) is an apologist for the polluter; the Minister of Energy is an apologist for this grandiose scheme of Hydro's. I would take it with a grain of salt. I would like to hear them say periodically: "Listen, we do not quite agree with that tack you are taking there." The only guy who ever did that was Darcy and somehow he has left the scene.

I am appealing to this minister to kick the Tory yoke a little. He should show them he is not just going to fall in line and accept what his predecessors have set up as a way of life for the monster. He should show them he is going to make some recommendations; he might look into some of the comments that have been made, including the ones I have made. He should be able to say: "Maybe there is some validity there. Maybe we should be thinking about load management."

If everybody in the country turns his hot water heater on after dinner at night and there is a great big surge of power, maybe Hydro should consider the methods of controlling that so the peaks are taken off power demand and put into the valleys. There should be some kind of uniformity to the generation.

We could do such great things in load management and in building a new cost structure that would encourage people to save electricity. Perhaps the government would have to do something for industry and job creation—but that is your job; I am sure you would handle that easily.

A rate structure that has lived with us in

ater power was first developed must be anti-uated. How could anybody decide that system could make any kind of sense in this nuclear ge, that we could have horse-and-buggy billing? That is about what it is.

Before getting into all these beautiful high-priced booklets and everything, there were some very basic things that could have been done in the Ministry of Energy. The minister says it started some 10 years ago, but this is the first initiative that takes into account some of the comments we have been making and some of the major areas I have described. Load management, new structuring of costs and those sorts of things have never been touched on in the ministry.

40 p.m.

Hon. Mr. Andrewes: You would be interested knowing, as would the member for Erie (Mr. Haggerty), that we have a very interesting project going on in the city of Port Colborne.

Mr. Haggerty: I am well aware of it. I was there.

Hon. Mr. Andrewes: You were there the day we had the kickoff.

Mr. Kerrio: We have some of the finest—

Hon. Mr. Andrewes: I pre-empted you before that.

Mr. Kerrio: Are you talking about Barber?

Hon. Mr. Andrewes: Barber Hydraulic Turbine Ltd.?

Mr. Kerrio: Barber Hydraulic Turbine Ltd.

Hon. Mr. Andrewes: No; on load management. It is an application of a meter that will register consumption and the time of that consumption.

Mr. Kerrio: But do you not find that this is kind of late? Do you not think we should have been doing load management before we started building nuclear plants? I admire those kinds of initiatives—

Hon. Mr. Andrewes: You and I will never agree—

Interjections.

Mr. Kerrio: Be that as it may, look at some of the options we had that we did not choose. Let me name a very significant one. In those countries that just do not have the kind of wealth flowing out of the ground and everywhere around them that Canada has, they have had to get involved with co-generation. They do not let waste heat go out of a plant in Germany. They take that waste heat and generate electricity

with it. Co-generation is one of the simplest forms of trapping waste energy that exists. We really have not done anything meaningful in that field.

There are many things to be done and to gloss over them, to run off in new directions, to take 500 million hard-earned Ontario dollars and go galloping around sending the first dividend ever declared by Suncor to our American friends to let them fatten up their wallets, seems like stupidity to me.

Another area we might have gone into, spent \$500 million on and maybe led the world in the development of a new energy resource that is right under our feet, is the generation of energy from peat.

Mr. Chairman: I was just going to remind you that you have gone on for more than 35 minutes now, and we would like Mr. Di Santo to be able to get his statement in too.

Mr. Di Santo: It is quite interesting; go ahead.

Mr. Chairman: I just want to remind you that you probably have a lot of important questions you would like to have answered.

Mr. Kerrio: Many of the comments we are trying to get on the record are very important as well. What we are trying to do here is to be just a bit statesmanlike and try to convince the minister that we do not just take cheap shots at him. We want to give him alternatives and things to think about, so that he can try to bend the will of some of those other cabinet ministers into accepting some new thrusts in the field of energy.

Hon. Mr. Andrewes: I think too much of you, Vince, to think you would ever take a cheap shot.

Mr. Kerrio: No, no way—maybe at the Premier once in a while when he gets too political; but that is not offensive, that is part of the rapport here.

Mr. Hennessy: You are not political.

Mr. Kerrio: Very much so, Mickey. I did not say I was not; my friend did.

I would say in closing that we have some distance to go. I would like to direct my remarks to the minister in the sense that they are put on the record here. They are sincere, they come from some experience, having been out in the work place for a good long time and having been blessed, in a sense, with opportunity.

Our former leader Bob Nixon said, and I am sure Mickey Hennessy must have heard him when he said it, that in sitting in select commit-

tee we were exposed to some of the foremost intellectual people in the world as related to energy and power. We had a great many knowledgeable people appear before our committee. It all adds a little to our dimension to be able to participate here.

When I say that we have been blessed with the participation of those kinds of experts and having had some measure of experience in the field, I am surprised and rather disappointed that we took the easy way. I suppose humans having the human frailty about them that would cause them to go the easy route is not uncommon. I am disappointed that we did not have a little more will to do a little more directing, and I am hopeful in the future that might happen.

Interjection.

Mr. Kerrio: That is very good, Ray. We did not mention that, did we? We will have to wait until—

Mr. Haggerty: Oh, no, mention it now; you will never get another chance.

Mr. Kerrio: When was that? In December 1982 the then minister—who was he then? They change so fast.

Hon. Mr. Andrewes: The Minister of Energy?

Mr. Kerrio: Yes.

Hon. Mr. Andrewes: The member for Brock (Mr. Welch).

Mr. Kerrio: Oh, the member for Brock. The players change so quickly, the date threw me a bit. That is very interesting. In these estimates there was the promise of a memorandum of understanding between the Minister of Energy and the board of directors of Ontario Hydro which was purported to clarify the objectives and priorities of Ontario Hydro and set out operating relationships between Ontario Hydro and the Minister of Energy.

"The memorandum recognizes the responsibility of the board of directors for the control and direction of Ontario Hydro and indicates that the board agrees to carry out its responsibilities in harmony with government policy."

Mr. Haggerty: That is what we want.

Mr. Kerrio: Yes, I suppose that really is a good way to end my involvement here because it points up what I have asked to have happen. Maybe then, in this new era before us, considering that there will be policy developed by the government, you might be able to ask Ontario Hydro—in fact, with the memorandum of understanding, I suppose it would be a commitment—

to fit into what might be a new energy program of your ministry.

I ask the minister to consider those points in the light of difficult times ahead and maybe be more watchful of the public purse. I look forward to his response.

Mr. Chairman: I assume the minister would like to hear Mr. Di Santo first.

Hon. Mr. Andrewes: I think I would reserve my comments until after Mr. Di Santo has spoken.

Mr. Di Santo: Thank you, Mr. Chairman. I do not have speechwriters, so I have to rely on my own efforts. I cannot produce a speech such as the one the minister has delivered, which I suppose speechwriters prepared.

Mr. Kerrio: That is not nice, Odoardo.

Mr. Di Santo: It obviously has been tendered.

Hon. Mr. Andrewes: These were, in the words of my predecessor, some idle jottings that I put down last night before I retired for the evening.

Mr. Di Santo: As far as the English language concerned, it is a good speech and I congratulate the speechwriter.

I would also like to take this opportunity to congratulate the minister. This is the first time he has spoken in this committee; as a matter of fact, I am also the new critic, and I really hope you will commit yourself to reshaping the government policy in the field of energy, because we have had a pretty bad experience in the past. I hope you do not get discouraged.

You know how many ministers fell when they tried to handle the problems of Ontario Hydro—which incidentally represents, I think, only 1 per cent of the energy requirements in Ontario by the way; it is not specified in your speech but it contributes 15 per cent—nevertheless, Ontario Hydro has a very important role to play in the economy of the province.

I was somewhat surprised by the fact that in your long speech you devoted only a few paragraphs to Ontario Hydro as if it was just one of the minor components of your ministry and more generally, of the energy policy of the government.

3:50 p.m.

Not only the opposition parties but the public also are becoming more and more concerned that despite the expansion of Ontario Hydro we do not have a clear idea today about the direction it is going. We have statements that tell us, as yours did today, that the government

s committed to a nuclear program. We cannot be satisfied with that because we want to know more about this.

As the member for Niagara Falls (Mr. Kerrio) noted, the public accounts committee will be asked to investigate the financial situation of the Darlington nuclear generating station. You were unable to answer questions about the cost of retubing at Pickering A, even though you said in the Legislature two weeks ago that you are kept fully informed of developments. That is very much a part of the costs the consumers will pay. Last week we were confronted with a rate increase of 7.8 per cent and I would expect the government would have called Ontario Hydro about this. The minister made a commitment last year in his report not to increase the rates above inflation. The Ontario Energy Board recommended a 6.3 per cent increase, so we direct you to roll back the rate.

The government cannot do that. I think previous Ministers of Energy, despite their personal inclinations and determination—the member for Erie (Mr. Haggerty) mentioned Mr. Taylor who was a previous minister—were ignored by Ontario Hydro. This has been going on for many years. The only exception was in 1976 when the then Treasurer Darcy McKeough rejected the Hydro proposal and put a freeze on its borrowing requirements.

Since last summer there have been two similar events subsequent to the accident at Pickering A. Today we do not know what all the implications are. Of course the government is waiting for the final laboratory results but today information is still scanty about the cost of the retubing. The general public is confused because one day the Hydro chairman talks about fuel replacement, another day tube replacement. Of course the jargon, which I am sure is not used deliberately, is confusing. It is confusing for most of us. In fact, when I took this job I had to work very hard to try to understand the complexity of the system.

What is clear is that Ontario Hydro is becoming oversized and more and more costly. The question is, since Ontario Hydro has such an important role in the province's energy field, is it possible at this time to control the corporation? Is it possible to have the corporation respond to the province's needs, outlined by the government, or can we let the corporation operate independently with the government subscribing to whatever decision it makes? This is the fundamental question which as Minister of Energy it is your responsibility to answer.

Ultimately, the consumer pays the bill. At this point, what protection does the consumer have? The Ontario Energy Board is the only agency that can scrutinize, year after year, rate increases proposed by Ontario Hydro. As we saw last week, Ontario Hydro can totally dismiss the Ontario Energy Board's recommendation. In fact, the board recommended a 6.3 per cent increase; Ontario Hydro decided that it will impose a 7.8 per cent increase.

Unless the OEB is given power to determine the rates, the early hearings become a smokescreen and do not mean anything. This is one of the most important points that I want to debate in these estimates. At the hearing in 1982, the counsel for the energy board said, "Hydro is plagued with excesses, including generating capacity and heavy water capacity, western Canadian coal, oil, uranium with nuclear fuel, land and possibly people."

At that hearing, the OEB said it was not its mandate that the rates be investigated every year, or the expansion of the system. Hydro tells us the expansion costs do not reflect immediately on the rates. That is true. They told us two weeks ago that the cost of repairing the accidents will have little effect on bills. We know very well that when a new station is committed, then the rates will reflect on the bills. We know right now that we have an excess capacity that will increase. According to Hydro planning projections, by the year 1990 it will be 6,000 megawatts.

We know right now that Ontario Hydro has a debt of \$18 billion. If they proceed with the planned nuclear generating stations, by the year 1992 we will have a debt of \$40 billion. The question now is, with the excess capacity we have, do we need to proceed with Darlington? Of course, we know very well why Darlington was started. It was started in 1977, just before the election, despite the fact that the load forecast was reduced at that time. It is proceeding right now, even though last year we had negative growth. The minister knows that.

4 p.m.

It takes courage to make a decision at this point and stop the construction of Darlington, and the government does not want to do that. The government does not even want to investigate that option to see if it is feasible and how much it will cost. We know very well that the Tennessee Valley Authority had a plan to build nuclear stations but decided not to build. I think there were seven nuclear stations planned. The TVA rethought that because of the decreasing

load forecast for the foreseeable future. We also know that Hydro has reduced the seven per cent increase projected in the 1970s by more than two per cent until the year 2000. We know very well what the requirements will be.

If the TVA made that decision even though it had committed a sizeable amount of capital—it was in an advanced phase of the construction of its stations—the minister should at least explore if the same approach can be taken vis-à-vis Darlington. We know very well that until now, as we were told, less than \$2 billion has been spent, but the completion of the station will require \$12 billion. It is your responsibility at this point to determine if it is worth while to proceed with the station or not.

You mentioned today the policy statement made by your predecessor Mr. Welch in 1979, Energy Security for the Eighties. In looking at that statement, which I have in front of me, I do not think the government is moving along the line established at that time. In fact, the emphasis of the policy outlined at that time was that the government would not bring on stream more nuclear stations than those already planned but that there would be a more balanced mix by bringing into production 2,000 megawatts of hydraulic power, which has been postponed by Hydro, and by developing 1,000 megawatts from Onakawana, which was also neglected by Hydro after the hasty announcement made by the minister, and also by increasing or developing nonconventional renewable resources.

As we look at the estimates of this year, we see that the only two areas in which there has been a reduction of funds are in alternative and renewable energy and in energy conservation. In every other item of the program there has been an increase in funding. That shows the priorities of the government.

Despite this policy, last June 17 the minister, Mr. Welch—this minister will remember; he was the parliamentary assistant—had to admit after the announcement about mothballing Hearn and Lakeview was made that Hydro was changing the mix. That meant it was embarking towards a more massive dependence on nuclear energy; obviously it was not committed to the alternative sources.

I think it is your responsibility as minister to respond to the needs of the province. You outlined what in your opinion will be the requirements of energy in the future. But since Ontario Hydro is so central to the financial considerations of the province you should remember the government has a responsibility to make

that corporation accountable. That is the whole problem.

The people of Ontario are not complaining because Hydro produces energy. That was its mandate. In fact, the mandate was to produce energy at cost. Now we are facing the situation where Hydro is not supplying energy at cost but is producing energy at cost plus the other costs that come with the nuclear choice.

According to the Power Corporation Act, the minister cannot run the daily business of Hydro but he is responsible for the administration of the act. We know Hydro cannot acquire property, plan a new generation station or transmission line, proceed with the construction of such facilities, enter contracts for the sale of power, borrow money or float a bond issue without prior approval of the cabinet. So the power the minister has vis-à-vis Hydro is considerable. The question is whether he wants to use that power, or does he want to become a captive of Ontario Hydro, as has happened to some of his predecessors?

I think his statement today is not moving at all in the direction of using the power available to him. He described to us the energy picture in the province. In some areas the government has very little power, as in the oil industry. But the only major decision made by the government was in December 1981 when it acquired 25 per cent of Suncor Inc.

When the Premier made the announcement the official reason given to us was that the acquisition of 25 per cent of Suncor had been made within the framework of the national energy program. He said the purpose of the Ontario government action was to increase Canadianization of the oil industry. In fact, the government said it was expecting other Canadian investors to buy part of the company and that the company would become Canadian.

After two years and after having invested \$650 million, we are at exactly the same point. The Ontario government is a junior partner in an American company, and there is no sign that we are moving towards the Canadianization of that company. That is the only major step that the government has made in the area of the oil industry.

4:10 p.m.

I will question the chairman of Ontario Hydro about many areas such as their forecast, Hydro rates, the heavy water and the mothballing. Ontario Hydro can answer our questions only from a technical point of view. The policy decisions, as I said before, are made in accord

with government directives; so it is up to you to answer those questions. The fact that Ontario Hydro is committed to a nuclear choice that is becoming very costly for the province is a result of a decision made by the Premier and the government.

I hope you will answer those questions. I also hope you will not give us the general answers that we get whenever we touch this issue, but you will try to have a useful discussion. I am sure you understand we are talking about a corporation that is vitally important to the province and is central to the government's energy policy.

With these remarks, I will wait for your reply and probably ask questions later.

Mr. Chairman: Minister, do you have any response?

Hon. Mr. Andrewes: Yes, I have some objective observations vis-à-vis the comments from the two critics. Perhaps we could start off by distributing the medium-term guidelines, if members of the committee do not already have those, which might help to form the framework for some responses.

I think it is rather important, as Mr. Di Santo has pointed out, that he question the Ontario Hydro representatives. It is important that he have that firsthand contact to get their perspective on some of the points that he has made.

I am sure that if we can arrange for the two-session participation by representatives from Hydro, and I assume that both Mr. Kerrio and Mr. Di Santo would accept it. As of next Wednesday the chairman himself cannot be here but some representative will be here—

Mr. Kerrio: But he will be here the following Wednesday?

Hon. Mr. Andrewes: —and the following Wednesday he will be here.

With respect to Mr. Kerrio's comments, he seems to agree that Hydro is accountable, because he indicates that we have the memorandum of understanding. We have, as Mr. Di Santo pointed out, various and sundry other processes in place which govern the operation of Ontario Hydro and which require them to respond to government policy.

There does not seem to be any disagreement among the critics that I, as Minister of Energy, do not have the responsibilities for the hands-on, day-to-day management decisions of that utility.

Mr. Kerrio: No. In fact, we were very specific in saying they do not have to answer to us.

Hon. Mr. Andrewes: I did not hear you say that.

Mr. Kerrio: That is the problem; they do not have to answer to you.

Hon. Mr. Andrewes: I did not hear you say that.

Mr. Kerrio: They do not have to answer to anyone because of the mandate that was given to them by the Power Corporation Act, which makes them responsible only to their board, and not beyond that.

Hon. Mr. Andrewes: Mr. Di Santo also alluded to several other things in terms of capital investment and borrowing. You alluded to the memorandum of understanding and the line of accountability.

Mr. Kerrio: I hope it gets to open up; I have not suggested that it has. I want to be very specific about that; I do not want any misunderstanding.

Hon. Mr. Andrewes: There seems to be general agreement that the processes are in place for that accountability. We may disagree on whether the processes are as thorough as you might wish them to be, but I think both of you have alluded to several areas where the accountability processes are there and are being exercised.

Mr. Kerrio: No. I must take exception to that statement. What I said was that they are not accountable; they are not accountable to anyone except the board that is created by the Premier.

The only time they were brought into line was when they were not given the backup to borrow money. That is not something they were accountable for; that was a case where the then Treasurer, Darcy McKeough, withheld the capacity of Hydro to borrow. It was a lever the Treasurer found. It will not exist if Hydro gets on a basis of paying for itself; that lever will be gone too.

Hon. Mr. Andrewes: We can agree to disagree on the extent of accountability, but I think we agree that the processes for accountability are there.

Mr. Kerrio: No. That is where we disagree.

Hon. Mr. Andrewes: Mr. Di Santo perhaps would differ with you on that.

Mr. Kerrio: Does Mr. Di Santo think they are accountable to the Legislature?

Mr. Chairman: I do not think we will enter into a debate on this. The minister is trying to clear up some of the—

Mr. Kerrio: May I just read this into the record? It is a very important subject; it is really the crux of the whole discussion here. It was a comment by Mr. Macaulay in response to a question that was raised with him. He was asked, "Is Ontario Hydro too large to be effectively accountable to anybody but itself?"

Mr. Macaulay responded: "No, because it is an agency of government"—I suppose he could have stopped right there—"and the mechanisms of control over its operations are very well developed. Ontario Hydro is accountable to the elected representatives of the provincial Legislature through the Ministry of Energy and is administered by a board of directors appointed by the government of Ontario."

But in fact, Ontario Hydro is accountable only to the chairman and board. The mandate says that specifically. They are accountable to no one else, including you. I do not want that to go by. I want to be sure you understand that I say they are not accountable under the Power Corporation Act.

Hon. Mr. Andrewes: Under the Power Corporation Act, you will agree that they have to come to the government for approval to borrow; they have to come to the government for approval to build capital projects?

Mr. Kerrio: I do not think they do. If Ontario Hydro had enough money so it did not have to float a loan, it would not have to come to you at all under its mandate.

Hon. Mr. Andrewes: To purchase land?

Mr. Kerrio: Could you check that for me?

Hon. Mr. Andrewes: Maybe we should read it all. Should we read it all?

Mr. Harris: I would like to hear it.

4:20 p.m.

Hon. Mr. Andrewes: It says: "The question was posed, 'Is Ontario Hydro too large to be effectively accountable to anyone but itself?' 'No, because it is an agency of government and the mechanisms of control over its operation are very well developed. Ontario Hydro is accountable to the elected representatives in the provincial Legislature through the Ministry of Energy and is administered by a board of directors appointed by the government of Ontario."

"Every year we have to submit our rate proposals to the Minister of Energy and then to explain them and all the cost components in them at hearings conducted by the Ontario Energy Board. These are public hearings of an adversarial nature at which the public is free to

intervene. Virtually all our major activities—borrowing, property purchases, all types of generation, routing of transmission lines, safety and labour relations practices—are subject to government regulation or approval, and many are open to direct public review."

Mr. Kerrio: But they are not. They appear at that board and then they tell the board to go lost. That is what we are telling you here. You have misinterpreted what we have said.

Hon. Mr. Andrewes: All right. May I take my comment one step further? In terms of Hydro's recent activities with respect to the Ontario Energy Board, I think Mr. Di Santo and you, Mr. Kerrio, have both felt that they have not acknowledged the report of the board. The board recommended 6.3 per cent; Hydro sought 9.8 per cent.

The board made certain recommendations in its report, and I think that if you follow and analyse those recommendations, with the exception of net income in 1984, they have acknowledged and followed virtually all the recommendations that the Ontario Energy Board made at its hearings. Would you acknowledge that?

Mr. Kerrio: Except for the major item, and that is the increase.

Hon. Mr. Andrewes: With the exception of net income. That is why I posed the question to you, would you hold the Ontario Energy Board responsible for the financial integrity of Ontario Hydro?

Mr. Kerrio: Are they not responsible for a company that appears before them for an increase in rates? Do they not have to make their case? Are you suggesting that the energy board does not have intelligent enough people to determine whether Ontario could get by with a 6.3 per cent increase? Do you think they did not take into account reasonable—

Hon. Mr. Andrewes: I am asking you, would you hold the board responsible for the financial integrity of Ontario Hydro?

Mr. Kerrio: No more than any other company that appears before them. The same set of rules would apply, as far as I am concerned, or they should not go. I wonder what it costs for Ontario Hydro to go before the energy board.

Hon. Mr. Andrewes: Considerable.

Mr. Kerrio: If they do not have to abide by that decision, I say you should not force them to do so or you should change the rules.

Hon. Mr. Andrewes: You would rather not have the review?

Mr. Kerrio: I would not have them go to the energy board unless a determination set down by the energy board was something Ontario Hydro had to live with, like any other person who appears before the board.

Hon. Mr. Andrewes: Only the natural gas utilities.

Mr. Kerrio: And the gas utilities. Do they not have to prove their integrity as it relates to finances to get their increases?

Hon. Mr. Andrewes: Yes.

Mr. Kerrio: I would think the same rules should apply to Hydro.

Hon. Mr. Andrewes: But the gas utilities are privately owned by shareholders—

Mr. Kerrio: You have struck the chord that I am trying to get you to.

Hon. Mr. Andrewes: And I ask you again: If the Ontario Energy Board were to set the rate, would you hold them responsible for the financial integrity of Ontario Hydro? We are talking about substantial borrowings that are supported by the province.

Mr. Kerrio: I would hold them responsible to the same extent as you hold them responsible to the gas company.

Hon. Mr. Andrewes: Okay. As a taxpayer of this province, would you be satisfied if the Ontario Energy Board were to determine the net income of Ontario Hydro to protect its integrity in the buying market and to maintain the credit rating of the province? Would you be satisfied that the Ontario Energy Board would be in a position to accept that responsibility?

Mr. Kerrio: No. I am asking you the question. Are they expected to do that in the case of a gas company?

Hon. Mr. Andrewes: You did not answer my question.

Mr. Kerrio: I cannot until I find out more information. Are they expected to do that with a gas company?

Mr. Di Santo: Mr. Chairman, if I can interject, that is an unfair question. What we are talking about here is not whether the Ontario Energy Board should be responsible for the financial integrity of Ontario Hydro. What both Mr. Kerrio and I are saying is that Ontario Hydro is not accountable exactly for the reason that the minister is stating right now.

If there is no agency of this province to investigate Ontario Hydro, and if the Legislature has no mandate to do so—in fact, you do

not want to reconstitute the select committee on Ontario Hydro affairs—then who is going to be responsible?

Mr. Kerrio said Ontario Hydro is independent to the point that nobody else can influence its decisions.

Hon. Mr. Andrewes: But you recited to me a list of areas where they are accountable, where they have to come to the Lieutenant Governor in Council for approval.

Mr. Di Santo: On a point of personal privilege, Mr. Chairman: I never said that. The record will show you, and I will repeat it, that there is only one instance when Ontario Hydro must appear before an agency for scrutiny, and that is the Ontario Energy Board. However, the recommendations of the Ontario Energy Board are not compulsory. In fact, Ontario Hydro can disregard whatever recommendation is being made, as happened last week.

I said there are other areas where Ontario Hydro needs to get government approval for any major decisions. But government approval does not mean to be accountable; it is a decision that the government makes, and you are accountable to the Legislature. There is no mechanism for Ontario Hydro to be accountable directly to the Legislature except through you. That is why we are asking you to take a stand.

Mr. Kerrio: That is just generally what we are trying to say. Now see, when you asked me a question in return and I seemed to be hedging—I seemed to be playing the role of a minister of the crown—

Hon. Mr. Andrewes: Heaven forbid.

Mr. Kerrio: What I am trying to tell you is that you cannot make the Ontario Energy Board responsible for Hydro's debts when one of the problems the Ontario Energy Board has with Hydro is that Hydro can withhold some of the information; so they do not know everything and they cannot make a realistic appraisal.

The Ontario Energy Board's report says, "Ontario Hydro withheld much information that the Ontario Energy Board would have needed to make a proper appraisal of the situation." How could you hold them responsible? That is a true fact.

Hon. Mr. Andrewes: You have exaggerated the wording to some degree.

Mr. Kerrio: Which word?

Hon. Mr. Andrewes: The wording of the OEB's report.

Mr. Kerrio: Oh, no. There were many areas—

Mr. Di Santo: If you would allow me a footnote, Mr. Chairman, one area where the Ontario Energy Board expressed concern because it was not scrutinized was the expansion of the system. Both your predecessor and yourself said the Ontario Energy Board should not scrutinize. You are taking the responsibility directly yourself, and you are depriving the Ontario Energy Board of the powers that might allow us and the public of Ontario to know exactly how much one kilowatt will cost in the future because of the expansion.

Mr. Kerrio: Do not go through the futility of appearing before the Ontario Energy Board, that is really what I am saying; unless you go there with the same rules and regulations as anywhere else do not bother.

Hon. Mr. Andrewes: Okay. Maybe I should carry on, Mr. Chairman. It is an interesting debate, and I would like to carry it on at length—

Mr. Di Santo: We will keep it lively; do not worry.

Mr. Kerrio: I will ask you one question before you wind this up, because it is nearly 4:30—

Mr. Hennessy: Mr. Chairman, I would just like to say that Mr. Harris and I had questions to ask, but the other two members took all the time and we did not object. You might as well finish it off. We only have a minute to go; so you might as well finish it off with a bang. You may be the minister; so keep on going.

4:30 p.m.

Mr. Kerrio: I was going to ask the minister for the answer to this question. In the event Ontario

Hydro did not and that might take the last lever away from any control whatsoever, as I think might be the case—maybe you will correct me if that statement is wrong—

Hon. Mr. Andrewes: I will correct you. I go back to the things that Mr. Di Santo listed in terms of capital programs. They have to be approved by the Lieutenant Governor in Council.

Mr. Kerrio: Only for their borrowing.

Hon. Mr. Andrewes: The undertakings of transmission lines have to be approved by the Lieutenant Governor in Council.

There are other areas where Ontario Hydro must have approval of other agencies of government, such as the Environmental Assessment Board and the consolidated hearings board. I think we want to keep some perspective on what you are saying.

Mr. Kerrio: They have exempted themselves in many instances from those boards.

Hon. Mr. Andrewes: They have not exempted themselves. The government has chosen to exempt them from some of those projects. I do not think it is fair to say that they have exempted themselves.

Mr. Chairman: Minister, I think we have had a fairly good afternoon.

Hon. Mr. Andrewes: Mr. Chairman, may I make one more brief comment? I simply want to say that I would like a few minutes at the start of the next session to address some of these questions.

Mr. Chairman: You will be allowed that time. The committee adjourned at 4:31 p.m.

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 Sheppard, H. N. (Northumberland PC)

From the Ministry of Energy:

Biggin, Dr. R. M., Executive Co-ordinator, Alternative and Renewable Energy Group
 Jennings, I. H., Executive Co-ordinator, Management Systems and Services



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Energy

Third Session, 32nd Parliament

Wednesday, November 2, 1983

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 2, 1983

The committee met at 10:10 a.m. in committee room 1.

ESTIMATES, MINISTRY OF ENERGY (continued)

Mr. Chairman: I call the meeting to order. I believe we are still dealing with opening statements. The minister has some remarks he would like to make from the previous day.

Hon. Mr. Andrewes: In view of the rather limited time we are going to have on issues other than Ontario Hydro issues, I believe arrangements have been made for the Hydro officials to be here next Wednesday morning and part of Wednesday afternoon after question period. Am I correct, Mr. Chairman?

Mr. Chairman: That is correct. The chairman of Hydro will be here.

Hon. Mr. Andrewes: We will spend the total time next Wednesday on matters relating to Ontario Hydro.

A number of issues arose out of the discussion last week, Mr. Chairman, including several matters relating directly to Hydro. It is probably more appropriate that I draw those to the attention of the chairman of Ontario Hydro and that he respond to them in the context of his discussion with members of the committee, if that is agreeable to Mr. Kerrio and others.

There were also one or two matters relating to the Ontario Energy Board. I believe the Ontario Energy Board will be here later this morning. We will provide them with proper notice to be here when it is appropriate for them on your agenda, Mr. Chairman. Those matters, particularly with respect to the OEB hearings and the terms of reference relating to the review of Hydro's rate submission, are probably more usefully discussed with the chairman of the OEB in that context, if that is agreeable to you, Mr. Kerrio.

Mr. Henderson: On a point of order, Mr. Chairman: There are one or two things I would like to question the Ontario Energy Board on. One is that the price of ammonium nitrate to the farmers is controlled by the price the Ontario Energy Board has set for natural gas supplied to the C-I-L Lambton works and Cyanamid in the

Niagara area. They have increased the price of natural gas to both of these plants to the point that it has resulted in a very large increase for the farming community.

I am wondering whether we will be able to go into detail in hearings of this nature and get a reason from the OEB. My reason for raising this now is to tell the OEB that I want to talk about this and to know why the farmers of this province are being assessed a 20 per cent increase in their fertilizer prices because of the rates established by the OEB.

Mr. Chairman: I guess that is what we should establish now, Mr. Henderson—when you want the Ontario Energy Board and the Ontario Energy Corp. before us. Minister, when will they be available to appear here?

Hon. Mr. Andrewes: I think that is really up to the members of the committee.

Mr. Henderson: If you want to wait until two o'clock this afternoon, I am ready to wait. It does not matter to me.

Hon. Mr. Andrewes: I think there are two groups that we need to give some notice to with respect to today's discussion; they are the Ontario Energy Board and the Ontario Energy Corp. I would be more than willing to give them proper notice if you want to discuss some allocation of time for today.

Mr. Chairman: Do you want to deal with the OEB this morning and the OEC this afternoon? Is that acceptable to the committee?

Mr. Kerrio: Yes, that is acceptable.

Mr. Chairman: That is agreed.

Mr. Henderson: At what time this morning?

Mr. Chairman: Half an hour?

Hon. Mr. Andrewes: They are at your disposal.

Mr. Chairman: Are they here?

Hon. Mr. Andrewes: No, they are not here yet, but we can have them here by, let us say, 11 o'clock.

Mr. Chairman: Is that agreeable?

Mr. Hennessy: Yes.

Mr. Chairman: Okay. We will deal with the OEB this morning and the OEC this afternoon. Minister?

Hon. Mr. Andrewes: Thank you, Mr. Chairman. Mr. Kerrio raised a point at the last discussion with regard to Ontario Hydro's accountability to the Legislature. He suggested that they have over-expanded their generating capacity and that this will result in much higher rates later in this decade and in the next. He has also suggested that Ontario Hydro did not pay any attention to the Ontario Energy Board's recommendations.

I think Mr. Kerrio realizes that in accordance with the Power Corporation Act, as amended, in the Revised Statutes of Ontario, 1980, the chairman of Ontario Hydro is appointed by the Lieutenant Governor in Council. This provision is in keeping with the appointment of many other heads of agencies and public corporations in jurisdictions with a parliamentary form of government such as our own.

The chairman of Hydro and the other members of the board of directors of the corporation direct and control the business and affairs of that corporation. That point has been made by myself and others on many occasions in the Legislature.

The Lieutenant Governor in Council, in addition to appointing the chairman of the corporation, also appoints other members of the board of directors, approves the acquisition of major works and the undertaking of many activities by the corporation and exercises such other powers that are provided in the Power Corporation Act.

Specifically, approval by the Lieutenant Governor in Council is also required for all borrowings by Ontario Hydro. Ontario Hydro's accounts are audited annually by auditors who are appointed by the Lieutenant Governor in Council. The corporation is required to file a report on an annual basis with the Minister of Energy, and the minister submits this annual report to the Lieutenant Governor in Council and then lays it before the Legislature.

The Minister of Energy and the chairman of Ontario Hydro, on behalf of the board of directors of that corporation, have signed a memorandum of understanding, which has been tabled in the Legislature. This memorandum, as well as the Power Corporation Act, sets out the basis of accountability of Ontario Hydro to the government.

It is probably of note that as parliamentary assistant to the Minister of Energy, and now as minister, I have learned that the existing basis of accountability and responsibilities has really evolved through rather extensive deliberation

and discussion. In my opinion, and in the opinion of many others, this kind of development of rapport is quite adequate in terms of a flow of information and a recognition of the kinds of accountability and responsibility the agency has.

Mr. Kerrio: Did we promise not to interrupt?

Hon. Mr. Andrewes: Yes, I believe you did.

Mr. Kerrio: I wanted to be sure there was an understanding. I think that is what we said. But I am sorely tempted.

Hon. Mr. Andrewes: I believe the point was raised as well about Ontario Hydro not having to perform in environmental hearings.

If we go back in history somewhat, when the Environmental Assessment Act was brought into force for government ministries and agencies some seven years ago, in October 1976, exemptions were provided for projects that were well advanced in their planning or implementation to avoid retroactive application of the statute. Hydro, along with all other proponent agencies had a number of projects in this category, and Darlington was one of them.

Mr. Di Santo: In 1977.

Hon. Mr. Andrewes: It was 1976. It had been committed.

Mr. Di Santo: It was postponed. It was committed in 1977.

Hon. Mr. Andrewes: I believe it was committed in 1976.

Mr. Di Santo: It was 1977.

Hon. Mr. Andrewes: Your recollection of history may be better than mine, Mr. Di Santo.

Mr. Di Santo: It was exempted retroactively.

Hon. Mr. Andrewes: Since the time of these initial grandfather-type exemptions, Hydro has had a rather exemplary record of compliance with the environmental legislation and public involvement in the planning of major undertakings.

I draw the attention of the members of the committee to the current discussions that are going on before the consolidated hearings board on the southwestern and eastern Ontario transmission plans, a matter of some controversy that is recognized on several sides of the fence.

10:20 a.m.

One might go on to label Hydro as rather leader in the field of compliance under the environmental hearings, the Environmental Assessment Act and the Consolidated Hearing Act. I cite as an example the years 1981 and

982, when Hydro submitted approximately 28 environmental assessments and study reports under the Environmental Assessment Act and spent in excess of \$1,250,000 appearing before the Environment Assessment Board and the consolidated hearings board.

A number of matters were raised, as I said, with respect to the Ontario Energy Board. With our permission, Mr. Chairman, and with the consent of members of the committee, I would like to discuss those further when the board appears before the committee.

There were a number of matters relating to Hydro's debt, Hydro and the Tennessee Valley Authority, the Hydro rate structure, generation mix, load management, nuclear power costs and the whole question of the hydraulic potential and coal generation, all of which I think would be better discussed when the Hydro members are present.

I turn now to a question raised about Ontario's imported energy bill, as I think this is of some consequence and some major significance in our discussions.

Ontario's imported energy bill is measured in the following manner: (1) the blended oil price paid by Ontario refiners per cubic metre multiplied by the cubic metres of oil imported into the province, (2) the wholesale price of natural gas per cubic metre multiplied by the number of cubic metres of natural gas imported into the province and (3) the imported cost of thermal coal—that would be coal used primarily by Ontario Hydro—and the imported cost of coking coal used by the steel companies.

Mr. Kerrio: You are going to have to think Canadian now.

Hon. Mr. Andrewes: We are the government of Ontario.

Mr. Kerrio: Taking Alberta gas from those good fat Tories out west is somehow different from bringing it in from the United States. After all, aren't we all Canadians?

Mr. Hennessy: The Liberals will be all right. They'll give us enough gas.

Mr. Kerrio: I am here to support that position, Mickey.

Hon. Mr. Andrewes: Our concern would be that they not get any fatter.

Mr. Kerrio: You are finally giving something to the committee, Mickey; that's a step in the right direction.

Mr. Hennessy: That's all right. We'll give more if you want it.

Hon. Mr. Andrewes: Mr. Chairman, on the question of imported oil consumed in Ontario, its value is estimated at approximately \$8.76 billion in 1983, followed by natural gas at \$1,689,000,000, thermal coal at \$874 million and coking coal at \$443 million. This results in an estimated \$11,767,000,000 of imported energy into Ontario in 1983, a figure of some major significance when one looks at it relative to the total Ontario gross provincial product.

Mr. Kennedy: Did you say \$11 billion?

Hon. Mr. Andrewes: Yes; \$11,767,000,000 of imported energy.

Mr. Kerrio: The biggest energy mover in the world, or one of the biggest, is here right in Ontario.

Mr. Kennedy: I did not know the good Tory government had been that good.

Hon. Mr. Andrewes: Questions were raised as well with respect to the Suncor purchase. Perhaps we would like to expand on that discussion when the president of Ontario Energy Corp. is here, which I understand will be this afternoon.

Mr. Chairman: That is right.

Hon. Mr. Andrewes: As to the question of the benefits of the Suncor purchase, my only comment is that we feel the investment in Suncor is a sound one, which has already reaped substantial benefits in terms of jobs, industrial activity and energy supply for the people of this province. I think some of these points were elaborated on by the Premier (Mr. Davis) when he was asked a question in the House some time ago on the anniversary of that purchase.

Ontario's purchase contributed to the goals of Canadianization of an important national resource sector and the achievement of crude oil self-sufficiency. Ontario has now achieved a major involvement in the fast-changing oil and gas scene. We now have a greater opportunity to influence the national energy policy and to protect the interests of Ontario consumers.

Almost \$1-billion worth of investment has been initiated by Suncor alone or in conjunction with the Ontario Energy Corp. since the purchase in 1981. That is another significant figure—\$1 billion worth of investment. Also, 1,300 direct jobs were created, with more than half of them being in Ontario, and many man-hours of indirect manufacturing were created.

Mr. Kerrio: By the purchase, or was that in the works?

Hon. Mr. Andrewes: I think the purchase had a very strong influence on those developments.

Expenditure commitments during 1982 included the upgrading project at the Sarnia refinery, the Fort Kent heavy oil project, enlarged recovery at the Fort McMurray oil sands and the formation of Trillium Exploration Corp. The expected rate of return on Ontario's investment is at least 15 per cent—

Mr. Sargent: Did you say that Suncor resulted in 1,300 new jobs?

Hon. Mr. Andrewes: Yes.

The expected rate of return of Ontario's investment is at least 15 per cent over the long term. I think that is of some significance, because it seems to be an immediate concern to the leader of the opposition (Mr. Peterson) that the Suncor investment at present is not keeping pace with the rest of the economy.

Mr. Harris: He knows a good deal. He has even bought his own shares now.

Hon. Mr. Andrewes: If he were to look at the value of those shares, and particularly if he were to look at the improved profit picture of that corporation over the past nine months as a result of the better operations at Fort McMurray, he might have a little different perspective on that whole purchase, being a very objective person.

Ontario will benefit from the long-term growth of the asset as well as from annual dividends. I understand that Mr. Harris is now a shareholder. He will probably be attending the annual meetings and participating in—

Mr. Kerrio: He's one of the ones who received a great, big declaration of a dividend in the United States with Canadians' good money from Ontario. That is what it is really at. Those are the first people who got anything out of that deal, not us.

Hon. Mr. Andrewes: They were—

Mr. Kerrio: It was the first dividend that company ever declared.

Mr. Harris: What's the matter with that?

Mr. Kerrio: It went to the American stockholders.

Mr. Harris: That's right. It was part of the deal.

Mr. Kerrio: With our down payment.

Mr. Harris: It was part of the deal.

Mr. Kerrio: That was a bad deal and you know it.

Mr. Harris: Your leader wants into the deal. He is buying shares and he is probably looking for more.

Mr. Kerrio: It is a socialistic deal; that's what it is. What are you guys talking about? It is as pink as you can get.

Mr. Hennessy: You should know.

Mr. Kerrio: You know it too, and most of you good Tories know it.

Hon. Mr. Andrewes: Are you going to keep order in this committee, Mr. Chairman?

Mr. Chairman: Order. Carry on, minister.

Hon. Mr. Andrewes: Mr. Di Santo raised the point that—

Mr. Di Santo: Mr. Chairman—

Mr. Chairman: You'll get your turn; you'll get your turn.

Mr. Di Santo: On a point of order, Mr. Chairman: I would like to ask you how we proceed. The minister is replying to our previous questions, and in my opinion he seems not to be replying adequately. What happens? Do we reply to him?

Mr. Chairman: As soon as he is finished.

Mr. Di Santo: If he goes on forever? Okay.

Mr. Harris: There are a few other members of the committee too who might like some time. Mr. Di Santo. You have had a chance at least to ask some questions.

Mr. Di Santo: I didn't mean that the other members shouldn't speak, if there is anything to say.

Mr. Chairman: I think the minister is just about finished his remarks.

Mr. Kerrio: You just have to fight for position in this game, that is all.

Mr. Chairman: Carry on, minister.

10:30 a.m.

Hon. Mr. Andrewes: Mr. Di Santo implied in his question that Ontario has very little power in the oil and gas issues and that there are few benefits resulting from Ontario's involvement in this area.

As I indicated in my opening remarks to the estimates committee, Ontario's purchase of oil and natural gas cost this province in excess of \$4 billion last year. We touched on that issue again this morning. Projections for 1983 are in excess of \$11 billion. Consequently, out-of-province energy policies have really a very profound impact on the Ontario economy.

In the past, Ontario has repeatedly expressed its concern about the sharp increases in domestic oil prices. Ontario's position has been that the world price should not be the benchmark for

pricing Canadian crude oil, that pegging Canadian oil prices at world levels would have a significant adverse impact on the Ontario economy, resulting in an even higher oil and natural gas bill.

The OPEC experience has demonstrated the need for effective national and provincial policies to deal with the questions of oil self-sufficiency, security of supply and international cost competitiveness. The themes of Ontario strategy are outlined in my remarks on these issues in the earlier part of my address to this committee. The government has been a constructive player in the national energy discussions and can continue to provide leadership and direction on all energy matters to ensure Ontario's energy security.

Again, I would be at the direction of the committee but I would suggest we could proceed vote by vote. If we want to start with the first vote, executive co-ordinator Tony Jennings is here for that area. As I have said, we will make Mr. Rowan and Mr. Clendinning available when it is the wish of the committee that they appear. I think we have resolved that issue at this time.

Mr. Chairman: Thank you very much, Mr. Minister. Let us proceed with the first vote.

On vote 2001, ministry administration program; item 1, main office:

Hon. Mr. Andrewes: Perhaps Mr. Jennings could come to the table. If there are any questions, he could assist us with a detailed and accurate answer.

Item 1 agreed to.

On item 2, administrative services:

Mr. Kerrio: Mr. Chairman, we may need a little help. We were told there was quite a change in the apportionment of some of these estimates. I see a major one here. In item 2, I see some considerable difference in expenditures from the 1981-82 estimates and a further change from 1982-83 of \$280,000. In this whole administration area we have some major changes, do we not, in the apportioning of some of these sums?

Mr. Jennings: Yes, sir.

Mr. Kerrio: Would that be your responsibility? Maybe you could explain some of those to us as we go through the votes.

Mr. Jennings: I can try.

Mr. Chairman: On item 2, administrative services, which change were you referring to, Mr. Kerrio?

Mr. Kerrio: The change from 1982-83. I

would like a slight explanation of that increase of \$280,600 in administrative services. I do not see that that is a major change. You might give us an idea of what was the major cost involved. Would it be salaries?

Mr. Jennings: Primarily salaries. There were really two major components in it; one was the salary revisions. As you will see from the details on page R29, more than half of the cost of that area is composed of salaries, wages and benefits, so that was the major impact. The other one was consolidating some of the functions in the administrative services item to reflect the organization better. We moved some of the responsibility for seconded staff, who were not attached to any part of the organization, in there for housekeeping purposes primarily.

Item 2 agreed to.

Item 3 agreed to.

On item 4, information services:

Mr. McKessock: Mr. Chairman, that change in the estimates from 1981-82 to 1982-83 is \$707,000 for information services. Why is the increase there and what is it for?

Mr. Jennings: I am sorry?

Mr. Kerrio: There was a decrease of \$256,000.

Hon. Mr. Andrewes: Perhaps Michael Van Dusen, the director of communications for the ministry, might assist.

Mr. McKessock: The estimate for 1982-83 was \$2,172,000?

Mr. Jennings: That is correct.

Mr. McKessock: And the estimate for 1981-82 was \$1,464,000.

Mr. Jennings: That is correct.

Mr. Van Dusen: Mr. Chairman, the communications group was formed only in February of 1981.

Mr. McKessock: So that is an increase of \$700,000.

Mr. Van Dusen: That is correct. There was no information group, so the growth reflects increased staff and increased programming. There was not a communications group up until February 1981, so that reflects quite a period of growth.

Mr. McKessock: What does this communications group do that was not done before and which now is being created?

Mr. Van Dusen: We have a number of major functions. There is an administration branch within the group. There is a planning branch,

information services branch and a creative services branch. Under each one, I can go through the responsibilities.

Information services is the group responsible for all writing services, speechwriting and publication writing. It is responsible for the public inquiry section. We get about 25,000 phone calls a year. It is also responsible for the media relations, public relations, community relations, such events as our bicentennial program and other activities such as official openings and seminars that are being hosted. In creative services, the people are responsible for all publications, movies, audio-visuals and displays.

In the administration section, while we do not flow a lot of the money, we generate about 85 per cent of the ministry's invoices and purchase orders because we spend on money in typically much smaller bits than do some of the larger program areas. Just ensuring that we have an accurate record of our expenditures and the suppliers requires some administration. There are three people in that group.

In the planning section, the people are responsible for advertising, research, communications and planning as well as education for the program side of the group. That was instituted following an organizational study that the ministry undertook in 1980 and 1981, as well as comments from the Provincial Auditor over the ministry's control of this communications expenditure, which indicated at the time that had the ministry had a better planning process in communications it could be reducing its cost. In fact, that has taken place in each of the succeeding years since we have been going.

Mr. Kerrio: You said the auditor said you should have some more control over it and yet, since you have reorganized it, the cost has gone up by what seems a fantastic amount to me.

Mr. Van Dusen: The cost went up between 1981 and 1982, in part reflecting the increased staffing. My memory would have to be confirmed by checking the numbers but at the time we were brought on there were only about nine civil servants. Now there are 18. At the time, the ministry had no publications of its own, it was only distributing publications that had been produced by the federal government. There was nothing that was Ontario-specific, for example. We had been using other agencies and other publications.

So a fair number of the expenses would reflect those things. For example, we did not have a public inquiries number. We do now, and it is served by the ingoing wide area telephone

service and Zenith lines from all over the province, again for service to the public. All those increases would be reflected in the estimates.
10:40 a.m.

Mr. Jennings: If I may make a comment in that regard, I think the auditor's focus was primarily on the efficiency and effectiveness, rather than the amount of expenditure. A better planning process and better administrative control in the area would make the dollars more usefully delivered.

Mr. McKessock: In making the dollars more useful, they have also increased by \$700,000.

Hon. Mr. Andrewes: If I may comment on Mr. McKessock's question. Mr. Van Dusen has, of course, provided the details of the kinds of activities the communications group is involved in. I think we should go back over the history to some degree and look at the relevance of those kinds of activities.

It is very important that all of us appreciate that in spite of the fact we have now a world situation of a surplus in the capacity of the system to deliver energy—I say that specifically, rather than saying there is a surplus of supply, there is a surplus in the capacity of the system to deliver energy—that surplus is in the electrical area, it is in oil and natural gas and other forms of energy.

That comes about as a result, in many ways, of two key dates, 1973 and 1978-79, when the Organization of Petroleum Exporting Countries, the oil-producing cartel, took some rather severe actions in terms of price increases. The consequence was a downturn in the world economy that certainly has affected Canada and Ontario and all the industrialized nations in the world.

I think it is most important that we appreciate that the critical aspect of those two dates is still very prevalent. It must still be very prevalent in the minds of all consumers of energy. Look at the size of that energy bill: \$11 billion projected for this year in Ontario. Look at the impact that conservation, for instance, can have on that bill. Look at the situation we face as Canadians, as major energy consumers, compared with our competitors in the industrial world and in the rest of the world trading community. We are not very good performers in that regard.

It is important that we maintain the vigilance and the activity we initiated following the OPEC activities. It is important that we maintain that discipline and that diligence in terms of conservation particularly. The relevance of these

programs has to be looked at in that context. We must not let down our guard. We see very volatile situations in the Middle East right now; the war between Iran and Iraq and how that might affect the world's oil supply. We see diminishing reserves of oil in the North Sea. Those reserves will be practically expended by the end of this decade. We see diminishing reserves in traditional sources in western Canada. There is a need to develop new reserves, to find new reserves and to develop the technologies that will allow us to get the best value out of the reserves we have.

All this is part of the initiative of this communications group, to make sure the general public, industry, all consumers of oil and natural gas particularly, and of electricity, are maintaining this kind of vigilance that was created by the OPEC activities. It is a good exercise for us all. We tend to be a very wasteful society generally, but it is a discipline we have to maintain if we are going to compete in world markets with our manufactured goods and if, indeed, we are going to maintain a standard of living that is equivalent to or better than the one we have now.

Mr. Di Santo: Are you talking about oil or about any kind of energy?

Hon. Mr. Andrewes: All forms of energy.

Mr. McKessock: You mention that we have an oversupply of capacity and that is expensive; on the other hand, you are saying we may run out some time in the future. But right now the public sees it as a very expensive situation in all forms of energy, and right now we are talking about hydro.

All energy is expensive, and you look at information services and you wonder whether it is time to expend these kinds of funds or whether it is better to restrain, as everybody else is doing in these times.

I have listened to all your explanations, and it might be fine if we were in growing times and we could afford it, but the public out there just cannot afford all these increases at this time and I have not been thoroughly convinced that they are justified.

Hon. Mr. Andrewes: I guess we have to look at it as an investment and at the kinds of activities that have been created, for instance, as a result of conservation efforts; the buildup of that in itself as an industry. I am told there are now 640 firms in the province that are involved in the energy conservation business: new employment opportunities, new initiatives in the manu-

facture of goods and services. It is really quite an important economic activity.

Again, coming back to the relevancy of the kinds of things that the communications group is doing, it is an important initiative on its part and on our part as a government to keep that business going and to keep it expanding, because we are in a sort of hiatus between OPEC saying, "We have control of the major oil reserves in the world; we can do what we like manipulating prices," and then realizing that this had a very significant economic impact on the world and that in fact it was to OPEC's detriment that it took those radical actions.

We are in a hiatus when we look ahead and see that we have to be continually diligent and vigilant and not let those events happen again. I do not think you, for instance, would want to see us return to the state of recession that we have gone through in the last 18 months and that can be pinpointed to certain activities in the energy market.

Mr. McKessock: Of course, to pay for these added costs, the taxes have to be raised, which does depress the public who are paying them.

Hon. Mr. Andrewes: If we look at it in terms of the \$700,000 investment versus the \$11-billion energy bill of this province, you would have to agree it is a fairly sound investment.

Mr. McKessock: But we still keep going deeper into debt.

Mr. Harris: Mr. Chairman, I have couple of questions, but before I get to them, just to follow up on Mr. McKessock's line, I would suggest that they were excellent questions last year and good answers here last year. It looks to me as if we are going down \$256,000 this year, probably a reflection of the government's commitment to restraint. It is down from \$2,172,000 to \$1,915,000. I think these are the estimates we are discussing.

Perhaps it is a reflection of a government getting closer to an election, and you usually reduce the information services or advertising and what not, just out of fairness. It has certainly been the history.

Mr. Kerrio: Mr. Chairman, on a point of order—

Mr. Harris: I thought there might be an interjection there.

Mr. Kerrio: Before you carry on, I think this is worth saying. You made some comments about numbers here and you suggested that the 1981-82

actual expenditures were \$1.5 million and the 1983-84 estimates are \$1.9 million.

Mr. Harris: Yes.

10:50 a.m.

Mr. Kerrio: You say that the estimates 1982-83 were \$2,172,000 and the actual expenditures were \$1,525,000.

Mr. Harris: No.

Mr. Kerrio: The actual expenditures of 1981-82 were \$1,525,000.

Mr. Harris: Yes.

Mr. Kerrio: The estimates for 1983-84 are \$1,915,000.

Mr. Harris: Yes.

Mr. Kerrio: I do not understand quite where the difference is that you are trying to suggest.

Mr. Harris: I am suggesting that there was an actual of \$1.5 million in 1981-82 and in last year's estimates you were looking at an increase of \$650,000. The appropriate questions that were asked today were appropriate last year. The answers were appropriate last year. Now you are looking at a reduction of \$256,000. I have not heard any questions on this year's estimates, which I think is what we are concerned about.

Mr. Kerrio: Okay, I follow you now.

Hon. Mr. Andrewes: Maybe Mr. Jennings could give us the accurate 1982-83 figure.

Mr. Kerrio: Thank you; no, I follow you.

Mr. McKessock: I am sorry, Mr. Chairman, I was looking at last year's estimates. They went up by \$700,000. This year they have gone down by \$250,000. I guess over the two years we have increased by something like \$500,000.

Hon. Mr. Andrewes: You agree with our commitment to constraint then.

Mr. McKessock: Yes. Go up \$700,000 and come down \$200,000; that is a total increase of \$500,000.

Mr. Harris: Just a couple of questions specifically. An Old Flame Rekindled obviously sparked my interest at the start. I am wondering when this publication came out and when it is revised.

I point out that on page 8 the prices used are basically in support of wood as an energy source. The figure of \$50 a full cord is used for all the comparisons. I would presume that is probably a little bit out of date. Yet in the front of the book, we have the message from the Honourable Philip Andrewes, so I presume it must have been printed in 1983—August probably. I am wondering how that jibes.

Mr. Van Dusen: The publication came out in September of this year. Prior to publication, the numbers were confirmed by the ministry's technical staff. I do not know any of those who would wish to speak to the figure of \$50 a cord.

Hon. Mr. Andrewes: It was not confirmed, Mr. Harris.

Mr. Harris: It is item F on page 8: "Expected price of good quality hardwood delivered (per cord) \$50." I would be interested in finding that. That is the full cord.

Hon. Mr. Andrewes: Would you like Dr. Higgin to come forward and tell you where you can buy that wood at \$50 a cord?

Mr. Harris: Tell us where to buy it? Absolutely.

Dr. Higgin: Mr. Chairman, the first thing to make a note of is that the example of \$50 a cord is just for showing it for the purposes of calculations. There is, in the book, methodology where that \$50 a cord—you can use any figure, the actual price that you are able to obtain wood at. There is a nomogram and so on that will allow you to do the calculation at any value from zero to \$300 or \$400 a cord. That is the first point; it is really an illustrative example.

Second, in terms of the cost of fuel wood, it would appear that fuel oil is about \$1.20 a gallon, using the old measure. I hear we are allowed to use that now according to the new court ruling. The equivalent price of fuel wood, in order to break even in a high efficiency airtight stove, has to be below \$130 a cord. Our experience is that in many rural areas that wood can be obtained at a cost below that figure of \$130 a cord. In some areas, indeed, we hear that it even can be bought from private woodlots and so on for \$80 a cord.

The \$50 a cord price is really one that is the cost somebody would incur if they went and cut their own fuel wood on a crown woodlot permit and transported it and so on. It is the cost of the equipment and the permit and so on. That is a very low value, but it is based on—

Mr. McKessock: With respect though—

Dr. Higgin: That is a full cord—

Mr. Kerrio: That is a fork-lift cord.

Mr. McKessock: It says, "hardwood delivered," which would lead me to believe that it is not a reflection of going out and cutting it, splitting it and hauling it in yourself.

Mr. Harris: It is a full cord—four by eight by four.

Dr. Higgin: That is a very low cost, but as I said, the break-even point for wood is in the

order of \$130 a full cord. In Toronto it is generally sold for prices that range from \$55 to \$75 a face cord, depending on whether that is a 12-inch face cord or a 16-inch face cord.

At those costs, no matter what kind of efficiency you have in wood-burning appliances, obviously it is not an economic proposition. The break-even price is currently around \$130 a full cord.

Mr. Harris: I am not sure about the \$50 quite matching up with \$1.50 a gallon for the fuel oil. I realise it is just a plug-in figure in a calculation used, but people look at it and say, "Look at all the savings we can make and pay it back in two or three years." That gets them interested. I think it is a little misleading.

Dr. Higgin: If the question they do not ask first is, "Can we get wood at \$50 a cord?" then it could be misleading. I would hope that would be one of the early questions people would ask. I think the point is valid. Maybe \$100 a cord or \$150 a cord is the range that most people in rural Ontario are looking at for obtaining fuel wood on a commercial basis.

Mr. Harris: Just one other question. I do not want to spend too much time on these, but I think it is an important part of the ministry and they do a good job with the publications and what not.

Ontario Energy Review, third edition—and there are others in this category—costs \$5. What does it cost to put this out? Does anybody actually pay \$5 or are they freebies such as we get?

Mr. Van Dusen: Yes, sir.

Mr. Kerrio: That is for an autographed copy.

Mr. Harris: Mine is autographed too.

Mr. Van Dusen: The total cost of this publication was \$51,135. We printed 8,000 copies of it. The reason we put a cover charge on it is that we feel the information contained in the publication is very important.

We are marketing it through book stores and university campuses. We are selling it in bulk to university departments of political science and engineering and various social science departments. We are also putting it on news-stands and bookstores in Toronto and Ottawa and supporting the news-stand sale and promotion of the book with advertising.

Mr. Harris: Is it selling?

Mr. Van Dusen: We have just started putting it on. We have sold several bulk orders for

universities. We do not have any figures on news-stand sales at all.

Mr. Harris: An Old Flame Rekindled is \$5 as well.

Mr. Van Dusen: The government's guidelines in the Manual of Administration require we recover our costs. If we put a price on, the price is fixed by formula. We do not have much flexibility in terms of incentive pricing.

Mr. Harris: Maybe I could follow up on this. Where does the revenue then show? If there is offsetting revenue for information services, is that reflected in this budget or where does that show?

Mr. Van Dusen: No, sir, it does not.

Mr. Jennings: The consolidated revenue fund.

Mr. Harris: That would be in the consolidated revenue fund.

Mr. Kerrio: A great big pot.

Mr. Harris: Mr. Chairman, I think it might be of benefit to have some reflection in the estimates, even though it cannot actually be shown, of what happens to some of the revenue from these publications. I think they are developing expertise and there is a market, though I am wondering how much at \$5. However, that is a policy decision you have to make as to how much of this information you want to disseminate to encourage conservation and to encourage the alternatives versus recovering costs. Obviously, there is some money coming back in through these and it is not reflected.

11 a.m.

Mr. Kerrio: What about old Wintario tickets?

Mr. Harris: It should be eligible for the Half-Back program.

Mr. Jennings: Just to comment on that, we could include some information next year relatively easily on revenues by activity in the briefing books that are put together for this session. It would have to be dealt with through Management Board to try to do it in the estimates.

Mr. Harris: Yes, I realize it is complex, but there is some offsetting. What do you do when you charge for seminars around the province?

Mr. Jennings: The same rule applies generally. If the money comes in from outside the government or outside the areas that dwell on the consolidated revenue, it goes to the general revenue fund.

Mr. Harris: But if you put on a seminar that includes renting a room, you would charge the

room off before you would turn money over to the revenue fund, would you not? You would pay all that and then all the revenue would go into consolidated revenue?

Mr. Jennings: Occasionally, if we can employ somebody, whether it is us or the Civil Service Commission, if somebody is running the seminar on our behalf, then he would bill us for the net. But if money comes into the province, it has to be payable to the Treasurer of Ontario.

Mr. McKessock: I think that Mike Harris has brought up a good point. As I mentioned earlier, you have raised information services by half a million in the last two years. If you had something in there saying how much had come back from some of those programs, my argument would have been defused a bit, but it has been very hard to know how much income that has generated.

Mr. Chairman: I think the point has been well made. We are dealing with item 4 and I must remind you of the clock.

Hon. Mr. Andrewes: Might I add one brief comment, Mr. Chairman? I think this particular publication is of some real relevance in terms of what we were saying before. It is one that receives a number of requests, particularly from schools and especially secondary schools and community colleges, as a reference book in terms of the projections it makes. It is rather interesting that it has that kind of appeal and is found to be very useful that way.

Mr. Harris: I just close by complimenting the department on having the new minister's statements, pictures and signatures on all these publications in such short order. I think it is fantastic.

Mr. Di Santo: May I ask how much the ministry has spent in the last year and how much is it proposing to spend in its campaign to promote conservation? How much is it spending in its campaign to go electric for Hydro?

Hon. Mr. Andrewes: I think there is a very quick answer. That is a campaign that has been put under way by Ontario Hydro.

Mr. Di Santo: How much?

Hon. Mr. Andrewes: I cannot give you that answer at this time.

Mr. Di Santo: Has this campaign been designed within the policy of your ministry or is it a campaign that Hydro is undertaking independently from the ministry?

Hon. Mr. Andrewes: I think it is a campaign that Ontario Hydro is taking for marketing a

source of energy that is competitive with other sources and marketing it in the same way as other competing industries that are doing their own marketing.

Mr. Di Santo: If Hydro is undertaking a campaign independently, does it not occur to the minister that perhaps this campaign is somehow not along the lines that your ministry proposed in 1980 with Energy Security for the Eighties where conservation was very much a commitment that you made?

Hon. Mr. Andrewes: This question has been asked before. I do not see why you would take that position because Ontario Hydro's advertising program, its marketing program, does not suggest wasteful use of energy. It suggests only that here is an alternative to what you are using at present; weigh it in terms of its competitiveness and accessibility, because certainly in the rural areas electrical energy is accessible and oil and propane may be the only alternatives. When you have weighed the pluses and minuses in terms of cost, you will see that electricity comes out very favourably. If you have not given that full consideration as a consumer looking to convert from your present form of energy, here is some encouragement to do that.

Mr. Di Santo: With all respect, I do not understand. I am at a total loss at this point. On the one hand, you are telling us that the ministry wants to encourage conservation.

Hon. Mr. Andrewes: Yes.

Mr. Di Santo: On the other hand you are telling us that Ontario Hydro is encouraging the consumption of the energy that is produced by Hydro. I think that is a total contradiction. The question I am asking you, you did not answer before.

It is easy to say that because of the OPEC crisis in 1973 we have an oversupply of energy. That is not so. You know very well that we have an oversupply of electricity in Ontario because of the bad planning of Ontario Hydro, because the forecast for many years was a seven per cent increase in demand growth every year, which did not materialize. In fact, last year we had a minus growth. From now on until the end of the century Ontario Hydro is forecasting a two per cent increase.

Are you serious about conservation? You said a few minutes ago that it is fine that Hydro is marketing the electricity it has, and you know very well that Hydro will have an overcapacity of 6,000 megawatts by 1990. Yesterday you told the press—you did not tell the House—that the

rates will go up above the inflation rate because of the new plants that will be committed, as we in the opposition parties have been maintaining for a long time.

If you are serious about conservation, if you think there is an oversupply of energy, why are you not taking the suggestion that comes from many quarters, that at this time you should have a second look at Darlington and see if it is necessary to build a plant whose energy is not needed?

Hon. Mr. Andrewes: The whole question of the merits of Darlington, Mr. Di Santo, I think we can discuss at a time when the president of Hydro is here. It is all going to be weighed by the public accounts committee.

Mr. Di Santo: It is necessary that we have the discussion because this is very much part of the reports of the government, not Hydro.

Mr. Chairman: Order, please. I think we are getting off base here.

Mr. Di Santo: No.

Mr. Chairman: We are dealing with information services. We agreed earlier on that the Ontario Energy Board was going to be here at 11 o'clock. I think you want time to question them. What Mr. Di Santo is asking should probably be asked when the chairman of Hydro is here.

Hon. Mr. Andrewes: He is making a good point, though, and I would like just a moment to respond to it. I think his point is that because Hydro has overcapacity in its system, it is going out and trying to market that energy in order to justify the overcapacity.

Overcapacity is not a factor that is exclusive to Hydro. Look at the natural gas industry in Canada. There is extreme overcapacity there. Look at the refining industry. Refineries have closed in Port Credit, Bronte and Montreal. These projections of energy consumption were made back in the 1970s when we were in a growth mode. They were made by the natural gas industry, by the refining industry and by Ontario Hydro. That has changed, I grant you, but it has changed because of the very serious recession that hit us as a result of escalating energy prices and other factors in the world that caused a downturn in the economy.

11:10 a.m.

Ontario Hydro is simply now saying, as the gas companies and other energy suppliers are about their forms of energy: "Consumers, weigh the merits of electricity. Look at the costs of electricity versus natural gas or whatever it

might be that you use in your present heating system. Weigh the costs of these things in making the decision on converting your heating system. Look at electricity as one of the options." They are also saying to industries, "We present a very viable option in terms of your present operation."

Mr. Di Santo: Mr. Chairman, I just have a quick point and then we will go to the Ontario Energy Board. The minister is new in his job, but all of us understand that there is a basic difference between the various types of energy he is talking about. Gas and oil can be kept underground, but once you produce electricity you cannot store it. That is what he should try to understand.

Mr. Chairman: Good point.

Item 4 agreed to.

Mr. Chairman: Item 5, analysis and planning, carried?

Mr. Kerrio: No, that is a biggie.

Mr. Chairman: We will stop then on item 5 and we will have the Ontario Energy Board before us. We can come back to this at a later time.

On vote 2005, regulatory affairs program:

Mr. Chairman: Who are the representatives from the Ontario Energy Board, minister?

Hon. Mr. Andrewes: Mr. Chairman, as the chairman of the Ontario Energy Board, Mr. Clendinning, approaches the table, I will ask him to introduce other people he wishes to bring with him to the table, if in fact he wishes to bring anyone.

Mr. Clendinning: I am looking at the space available, minister. I am Bob Clendinning. I am the chairman of the Ontario Energy Board. With me are two vice-chairmen, Ian MacNabb and Stephanie Wychowanec, and a board member, John Dunn, who is in the audience. Also with me is Paul Cunningham, who is the administrative chief for the board; he is the numbers man, if there are any matters of that nature.

I also have with me Peter Prier, who is chairman of the Ontario pipeline co-ordination committee, in the event that there are any questions in the area of pipeline construction in the province.

Not knowing the direction the questions may go, I feel rather exposed here, but I am quite happy to start and then maybe we could bring people up as appropriate, if that suits you.

Mr. Chairman: Mr. Clendinning, I am sure we can get some people who want to ask you some

questions. I already have one. Mr. Henderson would like to begin, and then Mr. Kerrio and Mr. Di Santo.

Mr. Henderson: There are actually two items I want to talk about this morning, Mr. Chairman. I believe the chairman of the Ontario Energy Board is quite aware that most of the natural gas storage area is in the Lambton county area of the riding that I represent in the Legislature.

Since the war years, 1939 to 1945, there has been very grave concern by the farmers who own the properties where this natural gas storage is. There is great concern that they have never received fair compensation.

Back in the mid-1960s the Ontario Energy Board made a ruling that set out certain figures for payments to the property owners for the use of this storage. I do not know what they refer to it as, but it is the area in the rock where the gas had been and from which the gas was removed. The belief of these property owners, and I support them in their belief, is that the price of natural gas has gone up but the payment to them has not gone up.

The Ontario Energy Board had a hearing within the past year over the Bentpath pool. A rate was established, a per diem per acre, in—I will use the year 1969. They might tell me it is 1967 or 1968. I do not have the file with me. If you look at other areas, the cost of energy has increased about five times and wages have increased about five times. Yet when the energy board made its ruling in this case, it increased the compensation by 100 per cent. It is hard for farmers to understand why their compensation has only been doubled over 15 years, while in all other areas the increases have been fivefold, although you might tell me it has gone up only about four times, and I will accept that.

That is one of the things I would like explained: how they could arrive at that rate.

The other thing that really concerns me is who sets the price. I am looking at them believing that they do it, but I want to give a little background.

The natural gas that is used by C-I-L for the production of ammonium nitrate—

Mr. Kerrio: And Cyanamid.

Mr. Henderson: Yes, I mentioned that plant earlier this morning. It is in the Niagara area. I am not sure whether it is in your riding. It might be in the minister's riding; I do not know. It is in that area. I am not too sure where it is, but I know it employs several hundred people.

I know from local information I have been supplied by the farm community and by the people representing these companies, that somebody has increased the price of natural gas to them by as much as 20 per cent over and above what they could buy it for. I want it clear as to who did that and the reason for it.

Let me go a little bit further, Mr. Chairman. Ammonium nitrate is one of the main components in the production of crops in Ontario, and in North America as far as that goes. It is my understanding that 80 per cent of the cost of this ammonium nitrate is the base material, natural gas.

It is also my understanding that although we are told we have enough natural gas in Canada to do us for several decades, maybe even for 100 years, the federal government—I am critical of them here—has priced natural gas at 65 per cent of the world oil price, I believe. It seems very unfair to me that they have used the world oil price for something that is produced here in Canada and is sufficient for Canada. They do not have to go out of Canada for it.

Then somebody along the way has said that C-I-L must pay—ammonium nitrate might cost me \$250 a ton the way it is priced today. I am told it would cost me only \$200 a ton if C-I-L could buy the natural gas without the interference of the government or the Ontario Energy Board.

That is my statement. I believe the chairman could address both of those issues.

Mr. Clendinning: Mr. Henderson, on your first point relating to the natural gas storage areas, I need some clarification so I can try to be of more help to you.

Mr. Henderson: Fire at me then. I think I know it as well as any of them here. I am referring to your recent decision on the Bentpath pool.

Mr. Clendinning: You are speaking of the Bentpath decision.

Mr. Henderson: Yes, at the moment. How did you arrive at, let us say, a \$16-an-acre payment for the farmers? In 1969, the same holding capacity got \$8 to \$11 an acre from the same board. I should have brought my file on it.

Mr. Clendinning: I am familiar with the subject.

Mr. Henderson: I think you are.

11:20 a.m.

Mr. Clendinning: It is an easy question to answer, or it is a very difficult question to answer.

The quick answer, I say with respect, is that the reasons for the results of the Bentpath

decision were spelled out in the reasons for the decision. I do not have the report with me, but it was a fairly deep report, and all of the reasons that led to the conclusion were in that report and in that decision after the board heard the representations of all the interested parties, land owners and the gas company in this case included.

I am not too sure how I can better answer the question.

Mr. Henderson: I will repeat myself here, but I will use the year 1969; the Ontario Energy Board said the rental for this land should be \$7 to \$11 an acre, depending upon the depth of the pool, the way the gas is injected and the speed at which it is removed; there were several things. At that time they said the payment per acre would range from \$7 to \$11 an acre; now, for a similar capacity, 15 years later you say it is only \$16, when the price of everything else has gone up four times.

Mr. Clendining: Again, Mr. Henderson, what I hear is dissatisfaction with the conclusion that the board reached after the hearing.

Mr. Henderson: That is right. And I just want simple explanations as to how they arrived at \$16 an acre as compared to a former decision of the same board.

Mr. Clendining: Again, sir, the reasons for that decision—which is really the question you are asking me—were issued in July 1982, and the reasons are explained in that. I can get it and quote it to you, but I do not think that is really what you are getting at.

Mr. Henderson: No, I read that several times. I can nearly quote you that decision word for word.

Mr. McKessock: They didn't listen to the farmers.

Mr. Henderson: They didn't listen to the property owners at all. They were completely ignored.

Mr. Clendining: I hear what you are saying, and I am very concerned with your comments, because if that is the way you feel about it, I certainly would have expected that the decision would have been appealed.

Mr. Henderson: I can bring about 200 farmers or property owners who are not affected by this but by the several pools that I have in Lambton. You do realize that Bentpath is a small pool, probably 800 or 900 acres, involving maybe a dozen farmers.

Mr. Clendining: I understand your concern, that Bentpath had an effect on other pools.

Mr. Henderson: That is an agreement between Union Gas and the other pool owners. The decision of the Bentpath pool is to be the guideline for Union Gas and Consumers'. Consumers' has already paid a higher rate to the ones it holds.

Mr. Clendining: Miss Wychowanec, would you care to come forward for a moment, please?

Mr. Henderson: Unlike you, I should have bought a file because it is a pretty deep file. I think I have most of it here.

Mr. Clendining: There is a summary, sir—

Hon. Mr. Andrewes: I would like to make one point here for clarification, Mr. Henderson. I think it is important to note that all decisions of the Ontario Energy Board are appealable to cabinet. In that context, Mr. Clendining might want to expand on the substance of your question, but I think it is proper that we assume that they have that right.

Mr. Henderson: I was Chairman of Cabinet for three years and I am not aware of that right to appeal to cabinet. As Chairman of Cabinet, I was chairman of the appeal procedures, but I am not aware of that right.

Mr. Stokes: One could say in the overall process that perhaps the farmers of Lambton have not been well served.

Interjection: Easy now.

Mr. Henderson: The members would not agree with you, but the farmers might.

Hon. Mr. Andrewes: I think Mr. Henderson could produce some statistics to defeat that argument very quickly.

Mr. Chairman: Mr. Clendining may want some time to go into that a little further. Perhaps he could get back to you, Mr. Henderson, unless you have something further to add now.

Mr. Henderson: I think it is important that the whole committee know this, because this affects the price of gas. Naturally, if my farmers get more, it is going to make the people using the gas pay more, but I think my farmers are entitled to that increase just as other people are entitled to theirs.

Mr. Clendining: May I speak briefly if it is necessary to pursue it?

I want to read to you from a summary that is in our annual report because I do not have the numbers in my memory but, before reading that, I would like to say that all the submissions

of all the land owners were heard at the hearings. They were all studied in detail and they were all taken into account in the final decision.

I am going to read a quick recap of the Bentpath decision which, as you say, does have an effect on other pools, and we recognize that.

"The board concluded that compensation from 1974 to 1982"—you were talking a little earlier than that.

Mr. Henderson: Let me help you on that, Mr. Clendining. That referred only to the Bentpath pool; but for the other pools, they went back to 1967 and 1969. This will influence the decision on those pools.

Mr. Clendining: I believe the other pools were, and still are, the subject of individual contracts between the land owner and the gas company, Union Gas primarily. That was not the issue—

Mr. Henderson: There was a letter. I do not have it with me but—

Mr. Kerrio: That is a point I want clarified, maybe by Mr. Clendining. Did some of these arrangements sort of take on the description of contracts between the gas company and individuals or pools?

Mr. Henderson: Very much so.

Mr. Kerrio: Just a minute. As such, do all of them come under the mandate of your board to make decisions, or generally are there some that would have to abide by a contract over the long term?

Mr. Clendining: There are some that have to abide by a contract they have made with a gas company which is not under our jurisdiction. If you would like the distinction—

Mr. Henderson: Let me refer to one letter of commitment that the other pools would be looked at. The contract, which was made in 1969, is in effect. There is a letter of commitment that they would be reviewed following the decision of the Bentpath pool; they would be reviewed and updated.

Mr. Kerrio: But it would not necessarily have to be discussed at the Ontario Energy Board. Rather, it would just reflect on an agreement between the gas company and those pools with a private contract. They might consider renegotiation.

Mr. Henderson: The Ontario Energy Board designates the pool first and then, if a rate cannot be worked out between the farmer and the company—there are the two companies,

Union Gas and Consumers' Gas. Consumers' Gas has always come through and raised its rates; they have never been put to the energy board. The problem with Union Gas is that it is in a different position and it has had to be a matter of force.

Mr. Kerrio: The point I was trying to make was that there are some arrangements that of necessity would have had to go to the energy board; there would be other contracts and arrangements that would not.

Mr. Henderson: Not the ones with Union Gas. Most of them have gone to the energy board.

Miss Wychowanec: Mr. Chairman, if I might interject, the only time the land owners and the gas company come to the board to settle the compensation for a gas pool is if no agreement is signed between the land owner and the company. In most cases in the Union Gas jurisdiction, Union Gas and the land owners have signed contracts and some of them are for fairly long terms.

In the Bentpath pool, to which Mr. Henderson is referring, there were three individuals who had not signed contracts. The balance had. The board heard the application on the basis of those three, plus all the other land owners in the pool. We had to determine whether the contracts that had been signed were valid. We found that, out of all the land owners, only three were not validly signed and that those people had standing before the board.

We concluded that, for the period 1974 to 1982, the rental for the storage would be \$18.50 per acre per year, and from 1983 to 1990 the rental was increased to \$24 per acre for each land owner.

11:30 a.m.

The board, in looking at this situation, reviewed the evidence put forward by the land owners. I might say to you that the land owners themselves put forward approximately eight or nine different scales of rental to the board. It was a very broad scale, from \$1,000-odd down to about \$75. Even they were not in complete agreement as to what the appropriate guideline was for determining what the rental was to be.

In any event, the board, in its reasons for decision, went through all the various proposals put forward by the land owners and stated why they were accepted or not accepted and to what degree they were accepted. It then concluded that the fair rental was about \$18.50 for this particular pool, and that a fair rental from 1983 to 1990 would be \$24.

After 1990, the land owners will then be able to renegotiate a rental with Union Gas Ltd. to see what is fair at that time. Those land owners who do have contracts with Union Gas for 20 or 25 or 30 years are bound by the terms of that contract.

Mr. Henderson: The lady could go further and tell you that Mr. Archie Crozier, former chairman of this board—whom you people knew quite well, or most of us did—came out with a major report in the early 1960s that led to those 20-year contracts you are talking about. Would you agree to that?

Miss Wychowanec: There was a report prepared by the Ontario Energy Board relating to gas storage, yes.

Mr. Henderson: Yes, that suggested a certain rate in the early 1960s. It was as a result of that report that these other farmers agreed to the term of years. Again I say there is a letter of commitment that those contracts will be opened up once the Bentpath decision is handed down.

You told us that the decision resulted from evidence that you heard. You suggested that there was evidence of \$75 an acre to \$1,000 an acre, which I was aware of. Whose evidence gave you the \$18 an acre? The farmers were all \$75 to \$1,000, you have just told us.

Miss Wychowanec: There was evidence presented on behalf of the board staff. I cannot remember the exact rate proposed in that report, but I believe it was closer to the amount the board awarded.

Mr. Henderson: By the board staff?

Miss Wychowanec: Yes.

Mr. Henderson: Did they have a basis for how they arrived at that?

Miss Wychowanec: Yes, the report was filed as part of the evidence, Mr. Henderson.

Mr. Henderson: So the farmers' evidence was completely disregarded.

Miss Wychowanec: There was some evidence also brought on behalf of both the farmers and Union Gas, if my recollection is good, indicating what the comparable rental rates were in the Consumers' Gas area and in the area of Michigan. I might say that in no case were the rentals approaching what was proposed by the farmers at the time.

Mr. Henderson: I do not disagree with that, but what was Consumers' paying to their people—on whom I do not believe you have had to have a hearing—as compared to what you have awarded?

Miss Wychowanec: My recollection with Consumers' is that it is around \$18 per acre, but again it depends on the size of the pool.

Mr. Henderson: I am fully aware of that.

Miss Wychowanec: It is in the area of about \$18 per acre per year.

Mr. Henderson: You believe that?

Miss Wychowanec: It was at the time this report was written.

Mr. Henderson: I leave it at that. I just want to leave the message that the farmers in my county believe the company received many benefits from this and the farmers are left holding—well, I will not use the word used in the farm community.

Mr. Kerrio: Did they appeal the award?

Mr. Henderson: No.

Mr. Kerrio: That decision was not appealed?

Mr. Henderson: They did not appeal it, no.

Mr. Kerrio: Lorne raised two questions, actually.

Mr. Henderson: The price of natural gas, which affects Mr. Kerrio and which affects every farmer in this province.

Mr. Kerrio: No question. There is another question standing really. It relates to fertilizer.

Mr. Chairman: On fertilizer.

Mr. Henderson: On ammonium nitrate.

Mr. Kerrio: Ammonium nitrate, yes.

Mr. Henderson: I know these people are not responsible for the price of natural gas to us being based on 65 per cent of the cost of oil set by the government of Canada, I believe. If I am wrong, maybe Mr. Chairman can correct me. But the price that our consumers of natural—

Mr. Kerrio: I think up to that is generally accepted.

Mr. Henderson: The price that I understand the government of Canada has set for natural gas is about 65 per cent of the cost of oil. You get into a peculiar position then—I believe the natural gas industry presented this at a hearing—where the price of the feedstock is tied to the price of oil. When natural gas gets here in Ontario its competition is hydro, so the government of Canada really should not use that.

The Ontario Energy Board then sets the price that C-I-L and your company must pay for natural gas. I am told that it increases the price of ammonium nitrate to our farmers by about \$50 a ton from what they could buy it at elsewhere. If I am wrong I want to be corrected.

Mr. Kerrio: I do believe they both had presentations to the board—North American Cyanamid and C-I-L—as it relates to their rates on the basis of using it in their production.

Mr. Henderson: It is my understanding that if we in Ontario were not controlling the price, your company or C-I-L could go and buy natural gas and be able to sell the fertilizer to Ontario farmers for \$200 a ton instead of \$250 a ton.

Mr. Chairman: Thank you, Mr. Henderson. Did you have any comments to make with respect to the last question?

Mr. Clendining: Mr. Chairman, I would be pleased to comment if you wish.

Mr. Chairman: Go ahead.

Mr. Clendining: First, yes, the federal government is responsible for the price—you mentioned 65 per cent—whatever the relationship is relative to oil, that is a federally-set price. To put it more simply, the price of natural gas as it arrives at the Ontario border is set by the federal authorities, so that is out of our jurisdiction. None the less, each time the wholesale price at the Ontario border goes up by virtue of a federal edict, it does not automatically—you perhaps know this but I want to be very clear—go through to the customer.

The company, the distributor, Union or Consumers' Gas, has to apply to us to pass that increase through to the consumer and we have a hearing and we examine the company's financial position and we decide whether they can afford to absorb any. If they cannot absorb any to maintain their present cash position—which is a separate matter at the moment. Therefore, it does not flow through automatically, so you could say we have the jurisdiction to pass it through but we do not really have the jurisdiction to stop it hitting the borders. It is a kind of a mixed thing, but we do not let it happen automatically.

That particular factor takes into account the price of gas in Alberta—I am sure you have heard this before—the cost of transporting it by TransCanada PipeLines from Alberta to the Ontario delivery point, and the excise taxes that the federal government has imposed on natural gas, which includes the tax for purchasing some assets for Petro-Canada. All of those things are out of our control yet we still check before it goes to the customer.

In the last three or four years, perhaps five years, of all the increases we have had in gas prices in Ontario, something like—I can give you a precise number—75 per cent of the

increase has been attributable to those factors. Now I am not going to cop out. We still check it. The balance of the increase that the natural gas customers have had to pay—I am using global numbers but we can be precise if you wish—are for the revenue of the gas company that is buying the gas, distributing it, building the pipe and doing the things to make the gas available.

I guess I sound like I am saying we are not the real heavies. I do not mean it that way.

I think you asked, Mr. Henderson, who sets the price for gas delivered to C-I-L and Cyanamid if I understood correctly. The answer, very simply, is the Ontario Energy Board.

11:40 a.m.

Mr. Henderson: My question is: If you were not there to set that price, either of these companies would buy it 20 per cent cheaper.

Mr. Clendining: There is, as I am sure you are aware, a—

Mr. Henderson: Let me finish.

Mr. Clendining: I am sorry.

Mr. Henderson: I make the statement quite clearly that the farmers are subsidizing other areas by 20 per cent in buying their fertilizers due to your authority and decisions. Would you like to comment?

Mr. Clendining: I cannot speak to the extent to which the farmers may—

Mr. Henderson: Can you tell me, if you were not there, what C-I-L would pay as compared to what it is paying; if they went out on the free market and bought their base material?

Mr. Clendining: I cannot answer the question because, as I am sure you are aware, there was reference to the board to look into this matter in the manner in which gas is priced when it is sold or delivered to what we are calling feedstock users, which includes the fertilizer makers. That is, companies that use gas not as a fuel or for heat or whatever, but who use it to break it up into pieces to make a—

Mr. Kerrio: Raw material.

Mr. Clendining: Raw material. Good.

I think the hearing went—I am searching my memory—for 24 days.

Mr. Kerrio: That was the Cyanamid and the C-I-L hearing?

Mr. Clendining: It was actually called the feedstock hearing. It included C-I-L, Cyanamid, Dow, Nitrochem, Inco—I could go on. They were about 12 or 15, including representative

from the province of Alberta who have an interest in how gas is priced.

Mr. Kerrio: But they would be concerned only about the ammonium nitrate that was used in fertilizer and not the ammonium nitrate that would be used for explosives, because then they could not consider it in the same light.

Mr. Clendining: I believe we are talking about it altogether at this point as feedstock, but clearly the fertilizer portion is the predominant one.

There were representations by all of the participants that they could buy their gas at better prices, more conveniently, etc., if they could bypass some of the existing systems.

Mr. Henderson: The Ontario systems.

Mr. Clendining: That was a position that some of them took.

Mr. Henderson: That is the point right there. The farming community firmly believes—

Mr. Clendining: I really must add that we are still deeply involved in sorting out the mass of material and the submissions that were made, and I just cannot agree to any of the numbers. First, I do not know. Second, I cannot. Miss Wychowanec was involved in the hearing. Would you like to add a comment?

Miss Wychowanec: Mr. Henderson, I think something you have omitted to mention is that the proposals that were put to the board whereby some of these companies could buy their gas more cheaply were all predicated on the position that yes, they could buy it perhaps more cheaply in Alberta, but there is the Alberta border price that they have to overcome. That Alberta border price will not change and the final cost in Ontario of the gas will not be the cost of gas that they are going to get in Alberta because that Alberta border price is fixed.

There will be a benefit to those people if they could do this, but the benefit will not necessarily be reflected in the cost of gas in Ontario. There will be a profit to the operation in Alberta.

I think that was essentially the gist of the proposals, and there were variations on the proposals that were put to the board. Of course, we have not considered them yet.

Mr. Clendining: That was the manner in which they could say they were getting it cheaper, because there was a profit in the corporation in another segment.

Mr. Henderson: So you are telling me that my farmers are all wrong when they tell me that, due to the interference of the government of

Ontario, they are paying about \$50 a ton more for their fertilizers, for their ammonium nitrate? Then I can go back and tell them that is not correct?

Mr. Clendining: Mr. Henderson, please—

Mr. Stokes: He did not say they were wrong; he said they may not be right.

Mr. Clendining: —please do not tell the farmers that I said they are wrong. Again, without getting into the details of the hearing, because it is currently in the recommendation stage—

Mr. Henderson: Do you mean the decision has not been handed down?

Mr. Clendining: It will not be a decision; it will be a recommendation. But it has not been completed, no.

Mr. Chairman: I think it is only fair that we split the time between the two opposition critics. I think we have used a fair bit of time on this.

Mr. Watson: I am sure Mr. Kerrio is very interested in this one.

Mr. Kerrio: Yes.

Mr. Chairman: He can probably ask some questions himself because he is next on the list.

Mr. Henderson: It holds an important place in the Niagara Peninsula, Mr. Chairman. It is very serious.

Mr. Harris: The government critics seem to be better briefed in all this.

Mr. Kerrio: I was pleased to go along with the questioning from Mr. Henderson, but I think the one question that I would raise would be, what is fundamentally the appeal of the major user companies? What are they asking as relief, say, or as some other involvement from the Ontario Energy Board? What, basically, are they asking you to do that would lower their price so that they could pass on to their customer? What are they asking you to do?

Mr. Clendining: They are asking many things, but two prime things. They are not all necessarily asking the same in the same way

Mr. Kerrio: I appreciate that.

Mr. Clendining: One proposal is very simply that the fertilizer makers get a special low rate for gas, quite different from the traditional method of pricing gas on any distribution system. They want a special rate for the reason of hardship and the reasons they put forward. That, in some ways, is clear-cut. They want a lower price. Without discussing the merits, that is their request.

The other option, which is really the one we were speaking of, is some have said—and again, not all of them—that they would like to buy it in Alberta, but when it gets to the Ontario border they want to make sure the distribution system that is currently serving them is in a position to pick it up for them at the Ontario border and bring it into their plant and deliver it at the same price they are now paying, interestingly enough. They want to make sure the facilities are okay and they want to make sure this board, the Ontario Energy Board, will either monitor it or somehow approve the method of handling it so that they can achieve this cash flow, if you like, outside of Ontario.

Those are summaries of the two issues. Going back to the first one, the lower rate one, the obvious question is, who pays for it? The essence of their submissions is that it would be subsidized from some other source. The other source is an issue in itself, whether it is subsidy or the other ratepayers or whatever.

Mr. Kerrio: That brings up the point that in the system, if the gas company is allowed a return on investment in the distribution in all of this, are there particular users that are suffering because of the amount of gas that is not being used with the balance of the users picking up the cost? Are there great extra costs being picked up by the users of Ontario because of a drop in usage, if there is some kind of guarantee of return on investment? Is the gas company given a return on investment as a fair price arrangement?

Mr. Clendining: In a discussion last year, the phrase “bag limit” was introduced, which describes it aptly. Leaving the fertilizer question for the moment, this board, the Ontario Energy Board—

Mr. Kerrio: I just thought it might reflect on that question as well.

Mr. Clendining: It does and I guess I am trying to clarify the words “guaranteed return.” That is not the case. We set a maximum rate of return on their capital employed and it is up to the company to then earn it, and generally they do not. We do not guarantee it.

In other words, if they do not make it, they cannot come in and say: “Hey, we didn’t make it. Will you give us an extra few bucks so we can balance the books at the end of the year?” It is strictly an upper limit.

That was not your question, but I wanted to clarify that.

Mr. Kerrio: Yes, I am satisfied with that. Thank you.

11:50 a.m.

Mr. Di Santo: Mr. Chairman, I would like to ask a question. You recommended an increase of 6.3 per cent in Hydro rates, and Hydro set a rate of 7.8 per cent on average for next year. Do you think that with an increase of 6.3 per cent the revenue of the corporation would be adequate?

Mr. Chairman: Are you dealing with Hydro?

Mr. Clendining: You are speaking of Ontario Hydro?

Mr. Di Santo: The rates.

Interjection: As it relates to the Ontario Energy Board?

Mr. Di Santo: Yes.

Mr. Clendining: And your question is, with the 6.8 per cent increase—

Mr. Di Santo: With an increase of 6.3 per cent were the revenue requirements of the corporation, in the opinion of the board, adequate or not adequate?

Mr. Clendining: That is almost like asking if you have stopped beating your wife. I mean no disrespect.

Clearly, with the information the board had and all the submissions that were heard at that hearing, the board felt the rate recommended would be adequate. That is the answer to your question, but I am tempted to go on and say that there are always other factors to be taken into account that the board is not aware of or responsible for.

Mr. Di Santo: We can probably come to that point next. In 1982 one of the points made was that the board cannot adequately assess the increase in the rates because not all the factors are taken into account. One of the factors is the expansion of the system, which is not reviewed by the board annually.

Do you think this is a major impediment to the board in making a thorough analysis of the requirements of Ontario Hydro? Do you think therefore, in view of the fact that you cannot review the capital expansion of the system, that the recommendation you made on the rates may be somehow distorted?

Mr. Clendining: Clearly, sir, the more information the board reviews, the more likely are its recommendations to be closer to what the actual numbers should be. Obviously, if system expansion were included, the answer would be yes. You referred to the 1982 report, I believe.

Mr. Di Santo: Yes. Your counsel, Mr. Roger, said in June 1982 that it was essential for the Ontario Energy Board to look at the expansion

of the system if the board was to make adequate recommendations.

Mr. Clendining: Yes, he did. You appreciate that board counsel is simply one of the participants in the hearing and is not speaking for the board, board members or anyone else. You know that.

Mr. Di Santo: I fully understand that. My point is that from 1983 until 1992 one or two nuclear plants will be commissioned each year. In your opinion, will the commissioning of new plants distort the figure to the point where the Ontario Energy Board will not be able to assess properly what rate increase will be required in the next years?

Mr. Clendining: May I go back to your earlier comment first, please?

Mr. Di Santo: Please.

Mr. Clendining: Board counsel did the make comments along the lines you mention. In fact, I think it was quoted in the press not long ago. As I recall—and I do have a copy of the report, which I can get—in the board's report, notwithstanding what board counsel said, they dealt with it and said it was not necessary or something to that effect. I would just like to keep the balance there.

Mr. Di Santo: It probably escaped me, but I did not read that in the report.

Mr. Clendining: I hope my memory serves me correctly, having said it. My memory is substantiated. The report said, first: "The board feels that it would be improper to take a position on the issue because it is a matter of government policy. But, finally, the panel said, 'It is the opinion of the board that judgement as to system capacity needs is best exercised by Hydro itself and its board of directors, of course, with policy guidance from the minister.'"

Mr. Di Santo: In other words, is it the opinion of the board that the expansion of the system is not influential at all on the rates that the board will recommend?

Mr. Clendining: Not to any significant degree, at least in the year that the rates are being set or looked at.

Mr. Di Santo: Mr. Chairman, I would like to put the question in very simple terms. You recommended a 6.3 per cent increase for next year. Ontario Hydro set the rate of 7.8 per cent. The minister said yesterday—and it is in the Globe and Mail today—that the rates will go up because of the new equipment coming on stream in the new plants. You are saying that it

will have an impact, but not a significant impact. I do not understand what that means. Is the minister wrong, is the board wrong or is Hydro wrong?

Mr. Clendining: I would like to say none is wrong.

Mr. Stokes: Let us say none of them is very precise.

Mr. Di Santo: Let me put the question in another way. The Ontario Energy Board recommends a rate increase of 6.3 per cent. In my opinion, that means that the board, with the information available to it, has come to the conclusion that with 6.3 per cent Ontario Hydro will cover the revenue requirements that are needed for the coming year. Am I right?

Mr. Clendining: Yes, you are. With the qualifications, yes, you are correct.

Mr. Di Santo: Now you are telling me that the system's expansion has an impact, but not a significant impact. The minister tells me that the rates must be increased above the rate of inflation because there are new plants coming on stream, which means that in his opinion the new plants have an impact on the rates set. Ontario Hydro sets a rate of 7.8 per cent because the president of Hydro says, "The rate must go above the rate of inflation because of the requirements of the corporation."

As a citizen and customer of the corporation, I am at a total loss. We have an agency of the government which is supposed to advise on questions related to energy and on rates that Hydro should set. You make your judgement. Your judgement is disregarded by the minister and by Ontario Hydro for different reasons. What is the value of your recommendation at this point?

12 noon

Mr. Clendining: It is difficult for me to weigh the value of our recommendation.

Mr. Stokes: If you had been silent, it might have been Hydro's.

Mr. Clendining: Do you mean our recommendation might have been Hydro's?

Mr. Stokes: No, Hydro's increase.

Mr. Clendining: Whether that is of value or not of value, certainly that could have happened.

I think the value of the Ontario Energy Board review of Hydro rates is not in its precision, but in the fact it is a forum where all interested parties can be heard, can put their views forward, including Hydro, and the board in a limited time—it is not a complaint, it is a

fact—gets a lot of information from Hydro and a lot of information from other interested parties.

It is very interesting and good information. The board applies some of its own judgement and distils it into a recommendation that says: "Hey, cabinet, we have heard all this stuff and here is what we think it should be. That does not mean it is final, but here is what we think it should be." Hydro and all the other people who know other things make the final decision. I think it one piece of advice that I hope has some value. I could not weigh it relative to the other sources, but it is an important one.

Mr. Di Santo: For instance, when you review the gas rates you set the rates and, therefore, your recommendation is binding. When you set the Hydro rates you cannot because the Power Corporation Act does not give you that authority.

Do you not feel a little uneasy about that situation? Has the board considered that perhaps your role would be more useful if you had the same authority you have in setting the gas rates?

Mr. Clendinning: No, sir. I read in the press and I hear people say, "Would it not be nice if the Ontario Energy Board report on Hydro had a different final line?" I am being loose with the phrase, but instead of saying, "All of which is respectfully submitted to the minister," it might say, "It is so ordered." I think I hear that from your question.

If I understand your question correctly, my answer as a citizen is no. But if it were to conclude with, "It is so ordered," we would want one hell of a lot more information, and we would take one long, long time. It would go on and on.

Mr. Kerrio: As long as the private sector with the gas company.

Mr. Clendinning: Perhaps longer because there is a lot more involved. The reason I say no, because I would like to answer your question, is not because of the extra work. We have the expertise and the intellectual capacity. It is rather that in the case of Hydro there are other factors involved which are not regulatory factors, as I understand them.

One thing I realize the minister mentioned recently was Ontario's financial integrity. It seems to me that where goes Hydro, so goes Ontario's financial integrity. That is a pretty heavy thing. I think that is the responsibility of the elected representatives. That is a policy matter. My own view is this should not be left in

the hands of a commission, competent as the commission would be.

There are other aspects involved in Ontario Hydro's rates and Ontario Hydro's method of operation. There are social needs and industrial development. When we regulate a gas company, we do not take into account the need for gas in a remote area. It is either feasible or it is not feasible. What I am saying is Ontario Hydro's regulation or administration requires a vision of where it is going in the interests of the people.

All these things, in my view, are decisions that should be made by the government, by the people who are elected to make them. I have great concerns when we simply say we should do the same thing as we do with the gas companies because it is quite different.

That is the short answer to your question, sir. Is it any help?

Mr. Di Santo: No, it is not, in fact. I was not suggesting at all that the board should set the policies. I was asking you if you did not feel that within the policy established by the government the role of the board should be a different one.

I did not ask you to set the policy. I said once the policy is set with all the social aspects and the financial integrity of the province, then within that framework do you not think the board should have a role that is more effective, rather than an advisory role such as this that is lacking some fundamental elements such as the capital expansion of the program, \$12 billion only for Darlington, the new plants that are commissioned, the plants that are mothballed and decommissioned?

You are hampered in your role. That is what I was suggesting.

Mr. Clendinning: We are hampered because we are constrained by the policy of the government. I take no exception to the policy. None the less, the policies that are set are, in my view, ones that should be set by the elected people. We are hampered, but by things I consider to be proper restrictions.

Mr. Di Santo: Obviously, we have to agree to disagree.

I would like to ask you a couple of questions emanating from your report. On page 20, point 4, you ask "That Hydro expedite its current review of heavy water production and include consideration of all accounting aspects of the

program and report at the next hearing." Was that done and did they report to the hearing?

Mr. Clendining: On page 20 of the—

Mr. Di Santo: Of the annual report.

Mr. Clendining: Which annual report?

Mr. Di Santo: It was 1983.

Mr. Clendining: That was a year ago. I am just catching up on the chronology here. I think they did. I think that was dealt with in the other decision, in the other report. I can take a moment and check. Which item on page 20 was it?

Mr. Di Santo: Item 4.

Mr. Clendining: It says: "That Hydro expedite its current review of heavy water production and include consideration of all accounting aspects of the program and report at the next hearing."

It would be quicker if I checked, but I can look it up. Would you like me to find out right now? Mr. Dunn, could you just fill in for a moment, rather than my relying on my memory? Mr. Dunn has been on more Hydro hearings than any other board member.

We are referring, Mr. Dunn, to last year's report, the 1982 report, recommendation 4 on page 20 regarding heavy water production. The question is, did they do as they were bid there?

Mr. Dunn: The short answer is yes, they did, but the board was not completely satisfied with the information that was provided and has requested that they do a further review of heavy water production in next year's hearing.

Mr. Di Santo: Would it be possible to have the documents tabled for the committee?

Mr. Dunn: Certainly all of the information that was submitted to the Hydro hearing is public information. Access to it is available at any time in the board's offices from the files that are there.

Mr. Di Santo: Would it be difficult for you to table the documents with the committee?

Mr. Dunn: I am sorry, I am not hearing you.

Mr. Di Santo: Would it be difficult for you to table with the committee the documents which are public?

Mr. Dunn: I think the difficulty we would have is, in the wealth of information, singling out what is of interest to you. When I talk about information, we are not necessarily talking about a single document.

Mr. Di Santo: I understand.

12:10 p.m.

Mr. Dunn: There could be a number of documents, and they could be interrogatories and supplementary answers and so on. In principle, the information is all there and it is available.

Mr. Di Santo: Okay, I can then force them to table the documents.

I would like to ask another question. On page 20 it states, "That Hydro examine the adequacy and effectiveness of the control of capital costs and report at the next hearing." What does that mean? Did they report? I do not understand what that means.

Mr. Clendining: What does it mean and did they report again this year?

Mr. Dunn: The adequacy and effectiveness of the control of capital costs gets back to their capital budgeting and how they relate that to what is actually going on, the procedures and the methodology that they are using.

The board at the hearing previous to this year indicated some dissatisfaction with that and asked them to come back to the next hearing and be prepared to answer those questions. They did. They have produced further information. In this year's hearing, the board indicated that it was still not satisfied with the answers that had been provided and the board has asked—and probably this is a deficiency in the board being specific enough about what it wanted this year—"Would you please provide the kind of information that is provided to comparable regulatory authorities dealing with these kinds of capital expenditures so that we can look at them in that context and judge them against what your peers are doing?"

Mr. Di Santo: May I ask Mr. Dunn to be more specific. What was the board dissatisfied with?

Mr. Dunn: The board was dissatisfied with the extent of the information provided. Let me put it in this language: the board felt there was insufficient evidence on which the board could make a conclusive recommendation to the minister that the capital costs were in control or were not in control. We could not do it either way.

Mr. Di Santo: What did Hydro submit and what did you find insufficient? Can you give us figures or details?

Mr. Dunn: They submitted a substantial amount of information documenting what had been done and the steps they had gone through and the procedures, the checkpoints and so on. What we were saying was: "Fine, that tells us a lot of the things that you are doing, but the proof

of the pudding is, how effective are these controls? What are you accomplishing versus what you say you are planning to accomplish?"

The information was weak in that area. It was from that point of view that we came back and said, "We would like you to strengthen the information you provide in that area and supplement it with information as to what others are doing in the way of procedures."

Mr. Di Santo: In what specific area was the information supplied to you not satisfactory?

Mr. Dunn: There was a wealth of information as to the procedures that they were going through and the checks and the approval levels and so on. What we were looking for was information that said: "On an overall basis you are shooting for a certain level of expenditures and you are coming up with something different. We were trying to come to grips with why there was that difference. Where are the controls differing from what you are planning? How do you account for the differences?" We have yet to have that information.

Mr. Di Santo: I am sorry, I do not understand. Perhaps other members are quicker than I, but I cannot understand.

Were the controls that you found to be deficient a matter of bookkeeping or was the system not sufficiently controlling what was going on?

Mr. Dunn: There are lots of indications that they have a very sophisticated system in place for measuring and reporting in steps by an authority for expenditures, but from a point of view of payoff, of how does the system work and whether it is accomplishing what it does on a quantitative basis, that information was insufficient for us to make a judgement that said it is good, bad or indifferent, it is working or it is not working well enough.

Mr. Di Santo: That was last year. This year they came with—

Mr. Dunn: Last year we asked for the examination. This year they provided it. This year we said it was better but it still was not sufficient and we sent them back with some guidance as to what we would like more specifically for next year's hearing.

Mr. Di Santo: All right. I think my colleague wants to ask you a supplementary.

Mr. Chairman: There are just 15 minutes left. Mr. Kerrio has some questions and Mr. Stokes has a supplementary.

Mr. Stokes: Mr. Chairman, I am probably the least qualified even to ask this question but I hear this from time to time and I would like an explanation of it if, in fact, it is correct. I am told that the cost of new plants, new capacity, is not reflected in existing rates until the time the plant actually comes into production.

If that is right, does it not cause you some concern that with the indebtedness and the borrowing of Ontario Hydro, which I am told is well into the billions—I heard a figure recently of something in the order of \$18 billion—the existing rate structure does not take into account present borrowing and the cost of that borrowing until the plant comes on stream?

Do you know of any other organization anywhere in the world that does not build those costs into its existing rate rather than deferring them for the next 10 or 15 years, or however long it is going to take to bring this new capacity on stream?

Mr. Dunn: To begin with, yes, I think it causes concern not only to the board but also to the other participants in the hearings who have interests in these matters. They have registered their concerns in this respect. You are quite right that for new plants coming on stream, while they are under construction, the interest is capitalized in the cost of those plants and the depreciation on those plants does not start until they are declared in service.

As a consequence of that, when they do come on stream, and they are large plants typically, there is a bump in the cost temporarily. Those costs tend to work the capital cost down. The depreciation has an effect of reducing the capital cost. The information we are provided with in the hearing is that typically rates would go up for a period of a few years—three is the figure I have in mind, but it might be longer than that—as a temporary increase. Beyond that, they are more advantageous than if we were continuing to use the existing plants. I am talking about nuclear versus coal-fired power at the moment.

Mr. Stokes: Are there any advantages to the corporation, Ontario Hydro, or to the consumer to have them defer the depreciation until the plant comes on stream, rather than doing it now as the money is spent?

Mr. Dunn: You asked whether there were others who did it. This is typical regulatory procedure, attempting to allocate to the customers of the period the costs of the plants that are serving them at that time, so the costs are

held off until a plant comes in service. This is not peculiar to Ontario Hydro. It is commonplace in the regulated utilities.

12:20 p.m.

Mr. Stokes: Why are you concerned, then? You indicated at the outset that it was a concern.

Mr. Dunn: Yes, it is a concern, and that is a good question. The concern is that in the next few years a number of large nuclear plants will be brought into service and the cost consequence of bringing those plants into service will have an impact on rates temporarily. It will worsen them first and then it will benefit them. But through the next three years, possibly four years, we are confronted with a number of these plants that are under construction, will be completed and brought into service, and it will have an upward impact on rates.

I suspect it is one of the judgement calls that Hydro has to make on where its rate increase is this year versus where it is going to be in the next two or three years. They have a balancing act where they would say, "We would like to take more now so that we do not have to take quite as much next year and level the rates out." That is one of the dominant roles that I think creates a difference between what the board came up with as a recommendation and what I think Hydro is looking at in its response.

Mr. Stokes: This is probably an unfair question, but what in your judgement will be the effect of those corporate decisions with regard to that deferring of depreciation on the corporation and I suppose even more important, on the consumer?

Mr. Dunn: It holds off recovery of those costs out of rates until the plants come into service. One could look at that and say, "Let's find some other mechanism for doing that and bring those costs in earlier," a smoothing technique, if you want. But the end result is that those costs, the costs that Hydro involves, have to be paid sooner or later, and one of the basic decisions is how much sooner and how much later, with interest.

Mr. Kerrio: Could it double the rates?

Mr. Dunn: The effect of the plants coming on stream?

Mr. Kerrio: Are there any projections? Have any projections been made? You know, we are not talking about a bump. I think we are talking of tremendous impact.

Mr. Dunn: I think we are talking a substantial potential increase, but the forecasts become less reliable as we go out and while there are forecasts that might go up as high as double, from those rates that I think are in the evidence, as you get closer to the mountain you sometimes find it is not quite as high as it appears to be from a distance.

What I am saying, in effect, is that I do not think you can rely on the earlier predictions of what they may be. A lot depends on a lot of factors that go into it, the economy turns around, the load picks up and so on. It has quite a significant effect on rates.

Mr. Kerrio: Would you not accept the fact that because everything seems to be on the increase, even on the projected costs of these things, the mountain is liable to be higher rather than lower?

Mr. Dunn: Yes, certainly temporarily. With the number of plants that are due to come on stream or in service in the next year or two, there is going to be a significant upward impact. But I think you need to look at the perspective that over the last few years Hydro's rate increases have been less than inflation; they are predicting that in the next few years they may be somewhat more than inflation and in the longer term—the medium term, if you want—they are predicting that they will be back again below inflation. So if you want to take that and average it all out, I think they are hewing pretty well to an average of inflation.

Hon. Mr. Andrewes: You heard that?

Mr. Kerrio: I don't believe that.

Hon. Mr. Andrewes: It is fact.

Mr. Kerrio: That is fallacious.

Hon. Mr. Andrewes: The last five years is fact.

Mr. Kerrio: The last five years, but the projection, I think, is going to see tremendous increases in energy. You are not going to see it go down; you will see it hold up there.

I have a statement first and then a question. I think you have made a very good case today for not setting Hydro rates. Generally, if I had the big robes on and was going to make a decision, I would decide in your favour if you were trying to prove to me that Ontario Hydro should be left to make its own rates because of the lack of input or information to your board.

But the government is prone to say to us, "You can't have it both ways." Your case is not quite so good as to why they should even bother

coming to you. It is a comment I have made many times.

With all reasonable assessment of the situation, I wonder why Hydro appears before your board. If they can submit to you whatever information they will and where, as the other members on the opposition benches have suggested to you, they do not give you adequate information in particularly high cost areas, they really can have a great impact on your final decision by submitting whatever evidence they will.

If we do not in future get some commitment from Ontario Hydro to give you the kind of information you require, would it be unfair to say to you, "Look, if we don't get this kind of information, we cannot properly make an assessment or even a recommendation"?

I think you have told us today that as to the recommended increase you suggested for Ontario Hydro, 6.3 per cent, had you had a great deal more information on the expansion and all of the other matters that are going to have quite a reflection on Ontario Hydro, that 6.3 may not have been the recommendation.

Mr. Stokes: It would have been higher.

Mr. Kerrio: That is what I am saying. If they have the latitude of providing what they will, they really are masters of their own destiny and we have said that for a long time. We are convinced they are not directed by the minister here or anyone else. I think you will agree that the first time there was any real third party involvement with Ontario Hydro was when the then minister Darcy McKeough pulled the big lever and put the brake on it.

You do not have that kind of clout and you do not have the ability to set the rates. I would like to hear if you have any other dimension for the appearance there. You are telling us the public and industry can come and make presentations or ask questions. I think those answers could be had from Ontario Hydro whether it is giving them to the third party in front of your board or whether the request goes directly to Hydro.

Are you going to demand more from Ontario Hydro or are you willing to participate in a kind of futile exercise in relation to hearings on Ontario Hydro?

Mr. Clendining: I will answer your question, but I always get particularly nervous when people put words in my mouth because I have enough trouble putting my own words in.

Mr. Kerrio: We are prone to do that and I apologize for that. Perhaps you can sort it out.

Mr. Clendining: I did not intend to say, if I did, that if we had more information our recommendation would have been higher.

Mr. Kerrio: You did not say that. I said that. I take the responsibility for that.

Mr. Clendining: They could have been lower or whatever.

Mr. Di Santo: It would be different.

Mr. Clendining: Possibly. I do not even know that. We are getting into a dangerous area; we do not know.

When you referred to Hydro not providing us with information—and I will ask Mr. Dunn to comment in a moment—my understanding is they have not always come forward with information, but when we have asked for it we have got it.

Mr. Kerrio: Oh, yes. They do that with us and they do that with industry. They do that with everybody.

Mr. Clendining: Any applicant brings in only so much, and then if you need something else it is, "Oh, okay," and eventually you build up your information. I am certainly not sitting here criticizing Hydro for not providing information. I would like to answer the next question, but do you agree so far, Mr. Dunn?

Mr. Stokes: Mr. Dunn already answered that question, with great respect.

Mr. Clendining: Then I will go on. You are cut off.

Mr. Dunn: It is not the first time.

Mr. Clendining: I feel it is a philosophical thing. Why should Hydro and all of the people who are affected come before the energy board as distinct from going straight to Hydro? This is philosophical, but I hope the Ontario Energy Board has credibility. I guess that is my prime concern and I want to keep it that way.

Mr. Kerrio: Yes, it does. The determination of the decision-making has not been lacking on your part. It has been the fact that you are restricted. I am only asking why they all go there.

Mr. Clendining: I see the energy board continuing and being in that role of having everyone come in and look at it impartially and give advice. You suggested this could be done directly to Ontario Hydro and right away I suspect that it would be more suspect, because we do not have any ox to gore. We are impartial. I think that is the reason the Ontario Energy Board or some other independent commission can look at it

bjectively and say, "Look, here is what we think."

Mr. Kerrio: On the basis of what you have said—

Mr. Clendining: Admittedly, of course. Yes.

Mr. Stokes: I think you are being too defensive. You can only work with the information that is provided to you and with the mandate that is given you.

Mr. Clendining: Yes, but we can also ask for more information, and we do and we get it as we learn.

Mr. Kerrio: Or more of a mandate.

Mr. Clendining: That is an option.

Mr. Kerrio: It is like the International Joint Commission looking into our clean water. They can only report. They have no clout.

Mr. Chairman: Mr. Kerrio, I would like to deal with vote 2005 which we are dealing with now. It is only two items.

Vote 2005 agreed to.

Mr. Chairman: We will be back at 2 o'clock. We will deal with the energy corporation and we will try to get through some more of the votes.

The committee recessed at 12:33 p.m.

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Clendining, R. H., Chairman, Ontario Energy Board

Dunn, J. R., Board Member, Ontario Energy Board

Higgin, Dr. R. M., Executive Co-ordinator, Alternative and Renewable Energy Group

Jennings, I. H., Executive Co-ordinator, Management Systems and Services

Van Dusen, M., Director, Communications Group

Wychowanec, S. J., Vice-Chairman, Ontario Energy Board



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Energy

Third Session, 32nd Parliament

Wednesday, November 2, 1983

Afternoon Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 2, 1983

The committee resumed at 2:05 p.m. in committee room 1.

ESTIMATES, MINISTRY OF ENERGY (continued)

Mr. Chairman: I see a quorum. I would like to do some of the items in vote 2001. Mr. Stokes had a question or two on analysis and planning, if he would like to proceed now. As soon as we are done with this one, we have the president of the Ontario Energy Corp. before us, but we would first like to finish vote 2001.

On vote 2001, ministry administration program; item 5, analysis and planning:

Mr. Stokes: Mr. Chairman, I would like to get in on analysis and planning as it pertains to other energy sources. You, minister, as well as five of your predecessors, have engaged in a dialogue regarding the utilization of a renewable energy source, namely wind.

You will know that a demonstration project was undertaken on Toronto Islands three and a half or four years ago. It was generally agreed that the technology for a hybrid system of wind-diesel generation would have some practical application, so much so that they invested well in excess of \$1 million to establish yet another demonstration project in the Coniston area near Sudbury. I think you cut the ribbon for that, minister. In talking to people in your ministry, I find it does have practical applications.

There were some technical problems in having an electrical system as opposed to a mechanical system, to switch from one to the other, depending on the wind velocity at any time. That was well over a year and a half ago. People along the shore of Hudson Bay are asking what you people are doing with this new technology. I thought the money spent at Coniston would have been much better spent where it has some real practical application, where the cost of fuel oil, the only available means of generation up there at the present time, runs from \$4 to \$5 a gallon.

Nothing has happened to make that a reality in an area of the province where it has some real practical application, with the exception of a pamphlet I received within the last week saying

that a Mr. Schwartz, I believe from your ministry, is going to host a seminar to talk again about the practical application of a hybrid wind-diesel system in those remote parts of the province where it is not practical to hook them into the grid and where the only available means of generation is becoming just too prohibitive.

Why does your ministry feel that you have to talk about these things rather than making better use of existing technology, where the need is so great and where obviously it does have practical application? I am going to leave that one.

I had one other related one, but because of the time factor I will not go any farther than that. You have the background. I just want to say to you, by way of provoking you, that talk is cheap. Why do you not put your money where your mouth is?

2:10 p.m.

Hon. Mr. Andrewes: Mr. Chairman, this is the third set of estimates I have participated in since coming to the Legislature. I can say this: you are persistent, Mr. Stokes. You are persistent in this and other matters. I think it is appropriate you be that way. It might be useful to ask Dr. Higgin to bring us up to date on the events to this time and to give you some information on what is planned.

Mr. Stokes: Only if he has something new to report. I could probably recite what he is going to say better than he can.

Mr. Kerrio: Only if it is new; we do not want recycled stuff.

Hon. Mr. Andrewes: We are in the business of recycling too, you know.

Mr. Kerrio: I know you are.

Mr. Stokes: Speeches.

Hon. Mr. Andrewes: Obviously Mr. Stokes wants to come right to the point, Dr. Higgin.

Dr. Higgin: Mr. Chairman, we will do the best we can. In terms of progress on the Coniston one, the electrical coupling system you referred to is now close to the end of its evaluation period. At the end of that—

Mr. Kerrio: Excuse me, the which?

Dr. Higgin: The electrical coupling.

Mr. Stokes: As opposed to mechanical coupling.

Dr. Higgin: As opposed to mechanical coupling.

Mr. Chairman: We could live with the mechanical, could we not?

Mr. Stokes: No, apparently not.

Dr. Higgin: The reason for the electrical is that one can then locate the wind turbine away from the diesel engine. One does not have to have them close together. In many applications, it either is not practical or would not be feasible because the best wind site might be half a mile—

Mr. Stokes: I accepted that argument over a year ago.

Dr. Higgin: I was really explaining for Mr. Kerrio's benefit.

Mr. Stokes: Where do we go from there?

Dr. Higgin: As far as where we go from here is concerned, as you know, Ontario Hydro has been monitoring wind in three communities: Fort Severn, Winisk and Attawapiskat.

Mr. Chairman: Fort Severn?

Dr. Higgin: Yes.

Mr. Stokes: Fort as opposed to Port.

Dr. Higgin: Winisk and Attawapiskat; the next stage is they will be conducting a study on behalf of the implementing agency for electric power supply to those communities to demonstrate to them that adding a wind system to the proposed—as you know the plans for Fort Severn are, I believe, fall 1984 for the community power system. This is the Department of Indian Affairs and Northern Development electrification program.

The arrangement under that program are that the Department of Indian Affairs and Northern Development pays for the capital cost of the system and then Hydro carries the operation of the system and any replacement and maintenance. They are doing this study for those communities to convince the Department of Indian Affairs and Northern Development that such a system would be in the interests of their department and, of course, in the interests of the community by offering longer term, more stabilized power costs. That work is now started. The implementing agency, in this case DIAND, will be the one to make the final decision on whether such a system will go into one of those three communities.

As you may be aware, the Ministry of Transportation and Communications has a lot of airports and telecommunication sites across northern Ontario, so we have started another

thrust in parallel with that on the need to do something about the replacement of those diesel units which were installed in the period about 1976-78, many of which now need replacement, to see which sites would be suitable for smaller-scale wind power systems along the lines of the Toronto Islands experiment.

I must emphasize we are doing everything we can to convince the implementing agencies in the northern communities in Ontario and elsewhere in Canada that this system is (a) ready and (b) economic because we hope this technology will be utilized by the Department of Indian Affairs and Northern Development in all parts, in Newfoundland and so on, because that is where we get the industrial benefit from the technology. We are investing money and effort in trying to convince them. To be honest, their initial reaction is not that favourable.

2:15 p.m.

Mr. Stokes: I have two comments. You say you have Ontario Hydro engaged in identifying a site that would be most favourable to that kind of technology. I can show you a report that you authored six or seven years ago where you identified the place in Ontario that had the highest constant wind velocity. I can dig it out if you want, but I do not think that is necessary.

Dr. Higgin: No, that is right. It was Fort Severn.

Mr. Stokes: Yes. I hope you are not playing politics with this. I can show you a report authored by this same august gentleman who identified the area that had the highest constant wind velocity of any place in Ontario. So identifying the site is not a problem.

Dr. Higgin: No, it is not a problem to identify the site.

Mr. Stokes: My next comment is that I think there is a breakdown in communications. The last letter I got from the Honourable John Munro, who heads the operative department, indicates he is not getting the right vibes from you people. He said, "We are not convinced it does have practical application and that it produces cost savings."

Is your Mr. Schwartz in the room?

Dr. Higgin: That is the reason Hydro is doing the work it is now, to provide hard information based on the performance at Coniston. We are learning just what this system will do to reduce the cost of power. It is precisely because they are taking this sceptical posture, as outlined in Mr. Munro's letter, that we are having to do this work. Even though they have been involved and

they receive all the information produced in Coniston, they remain sceptical, as outlined in the minister's letter, about the application of wind energy.

Mr. Stokes: I have a copy of Mr. Munro's letter. May I have your response to it? I can assist you and I am more than happy to do so.

Dr. Higgin: I think there was a response to Mr. Munro. But I do not recollect the timing of any letter that went back to him and I cannot honestly recollect whether or not there was a direct response to him.

Mr. Stokes: Do you not think there was a need for one?

Dr. Higgin: The response has really been through involving his department in the work that is now ongoing, both the work on Coniston and in the work Hydro is doing. Ultimately, he will look to his officials for a recommendation regarding the use of wind-diesel systems for Fort Severn.

Mr. Stokes: I convinced his predecessor five years ago of the need for it. I know how much they spend in the consumption of fuel oil just to heat the school, the teacherage, the Indian Affairs cabin and everything else. They were paying \$4 a gallon and consuming about 80,000 gallons a year that has to be flown in now since there is no barge system up the coast. You have a lot of leeway in meeting their existing costs.

Dr. Higgin: To say the least, we were a little surprised by Mr. Munro's letter, considering the lengthy involvement the Department of Indian Affairs and Northern Development has had with this development all the way through. We were a little surprised and, I might add, disappointed at the tone of that letter.

Mr. Stokes: All right, now that I know the state of the art, perhaps you and I could talk about it privately. Maybe I can grease the wheels for you.

There is one other thing I want to talk about and that is the mini-hydel system. Your ministry jointly funded a study into alternative energy sources in those northern communities. They came up with what I thought was a good report. To the extent your ministry was involved, I want to thank you, minister, and your staff on behalf of the Kayahna tribal council.

But what are you doing? You know those communities have no tax base and they are without any form of municipal organization. They do have band councils but the funds they have for taking advantage of alternative energy sources are not appreciable. I am thinking of

peat, for example; it is an indigenous resource that may have some practical application. In Finland they have found practical applications for it.

You can talk to the Minister of Northern Affairs (Mr. Bernier) who has travelled extensively and looked at the state of the art for the gasification of peat for the generation of electrical energy.

2:20 p.m.

Another one is immersible generators. You have three or four private projects going on throughout the province, and I think they have been reasonably successful. How do we couple the information that is now before us based on the study your ministry helped to fund? How do we utilize that information, the existing technology, with regard to the needs of all those communities? As Dr. Higgin says, a lot of them have diesel-generated systems now that are becoming more expensive all the time.

Why can we not use indigenous hydraulic sources of energy such as mini-hydels, or something similar to that, or peat or even biomass? In going over some of the things, I see Mr. Rowan is looking at biotechnology. I do not know whether it includes biomass; I hope it does. How do we bring all those forces together to satisfy our rural social and economic needs in the northern communities?

Hon. Mr. Andrewes: You are posing that question because, and I think we appreciate, the band councils and so on have very limited resources to develop these things on their own. So the question is how we can work better with the federal government, the Department of Indian Affairs and Northern Development, to maximize the resources that are in situ in these communities. Maybe Dr. Higgin wants to comment on that.

Dr. Higgin: I think there are really two aspects to the thing. One is the development of the technology and the techniques for generating power or other sources of energy in remote communities. That really is the basic thrust of the Ontario activity. Again, we come back to the question that in order to get these implemented on a broad basis across northern Ontario and other parts of Canada, the agencies responsible for the provision of services to those communities have to adopt these technologies.

As far as the Kayahna council is concerned, the work that was done to help them define what options were available to them is really done as a preliminary to them making representations

to DIAND or to the remote community demonstration program. That is a new federal government program that became operational this year. Unfortunately, this year funding is available only to do the kind of feasibility studies that in fact were done in Kayahna. As you may know, a number of other band councils have received funding support under that remote community demonstration program to do similar feasibility studies.

Next year, we are told the budget will be larger and there will be funding available for the demonstration of technology and other things in these communities, based on the feasibility studies. We have been assured that the work that was done in the Kayahna council is as definitive as is required for the council to make submissions under the next stage of the federal program.

To ensure that we and the federal government are together, at least in the areas of the development and the demonstration of technology, the federal government has a regional advisory committee. On that committee, as well as the federal officials from Energy, Mines and Resources whose program it actually is, we have the Department of Indian Affairs and Northern Development, the local Ontario office—I have a director on there, Eugene Harrigan, whom you may know—and we have representatives from our ministry and Ontario Hydro. So we hope we are all keeping our act together in terms of exchanging information and advising the federal government on how to best use its resources to demonstrate these technologies in the communities.

I think this outlines perhaps a new direction that is positive. Unfortunately, the amount of funding across Canada so far committed to this program of the federal government is \$12 million over the next three years. We believe Ontario will probably receive in the order of \$2 million to \$3 million of that considering all the other provinces and the Northwest Territories which have to be served by that program. But it should allow one or two demonstration projects.

The other thing to note is that under the Canada-Ontario agreement for demonstration of renewable technologies, remote power demonstration projects are indeed being supported. One in particular that you may have heard of is the wood gasifier engine system for Ramsey.

Mr. Stokes: That is with E. B. Eddy, is it?

Dr. Higgins: Yes, E. B. Eddy. Equally, there are other negotiations going on around the demonstration of other technologies under that

particular program. Those are the two avenues for the technology development and demonstration.

We still have the last-stage problem of the implementing agency responsible for power supply into those communities willing to adopt these technologies. Given that they may be somewhat higher in cost initially, there will definitely be lower operating costs, which benefit the community in the longer term. That, I think, is the last stage in changing the policies at the federal level and in those implementing agencies.

Mr. Stokes: I am glad to have that information. It is an update and it has identified for me where I must apply some pressure, because I have always taken the position down here that agencies or people are either a part of the solution or a part of the problem.

I see this minister as part of the solution. I think you have identified the problem. I am glad to hear you are working closely with people like Eugene Harrigan, because within the last 10 days I have met with people from the Science Council of Canada in Ottawa on a related matter, but it had to do primarily with biotechnology and technology transfer. I was just horrified. I can show you a copy of the paper they just put out with you with regard to the lack of co-ordination.

By way of illustrating the point we are trying to make, they identified a chap who was doing some research at the University of Toronto only to find out after spending several thousand dollars that he was on the wrong track. He had lent his technology to somebody else, but he forget to tell him that his was not working, so they both made the same mistake. It was not until they got them together that they realized there was a lack of co-ordination and sharing of information. Had there been more co-operation, that would not likely have happened. I will show a copy of that paper to you to illustrate my point.

I do not want to take the time of the committee, but I am encouraged to hear what you have said today, and now I know where to go. I would appreciate it, though, if you could dig up a copy of your response to the Munro letter so I do not plough over old ground.

Hon. Mr. Andrewes: Mr. Chairman, I would just make one comment with respect to some of this discussion. I think it is important and I do appreciate that our role is to verify this technology through demonstration. It is quite obvious that as the technology becomes more wide-

spread its cost effectiveness becomes more obvious.

Just as a side note—and I think it would be of some interest to you, Mr. Stokes, and certainly to Mr. Kerrio and others—we are making an announcement with respect to seven additional dam sites to develop small hydro generation, and I share this with members of the committee. We have further copies, so you can all spread the word. I think this is a significant step.

Mr. Di Santo: Is this part of the 2,000 megawatts?

Hon. Mr. Andrewes: This is a part of the 2,000 megawatts, no doubt. This is a big step forward in demonstrating that that technology is indeed applicable.

2:30 p.m.

Mr. Chairman: Mr. Kerrio, I just want to draw your attention to the fact that we have approximately one hour for the Ontario Energy Corp. and the longer you take now, the less time we are going to have with them.

Mr. Kerrio: All right. I have just a question leading from Mr. Stokes' questions on some of the alternative forms of energy. I raise this question, and I think legitimately.

What would motivate Ontario Hydro to do what I might consider a high-priority research involvement on alternative forms of energy when they are trying to sell all of the power—that is, the oversupply? I cannot believe that they would have their heart in getting wind generators going.

Mr. Stokes: They are the operating agency in remote communities.

Mr. Kerrio: What I am going to ask is, why should we not have someone committed to this task, to going into the alternative forms of energy that will give Hydro maybe a little competition in the sense that they are going to have them somewhat competitive in remote areas, in other areas where it is not practical to string wires from a huge plant, whether it be nuclear, thermal or Niagara? Why do you not allow this to happen?

Hon. Mr. Andrewes: Hydro has a vital interest in this.

Mr. Kerrio: I know they have an interest, but I cannot believe that their heart is in creating something that is not really high priority within Hydro. If it was, it would be on stream now.

Mr. Chairman: Order. I think we are completely out of order. We are dealing with analysis and planning. What you are talking

about is Hydro and we can deal with that next week.

Mr. Kerrio: Mr. Chairman, I have taken just two or three minutes here in asking a supplementary question that you have spent a half an hour on and now you are telling me that it is out of order.

Mr. Chairman: I never spent a half an hour on it.

Mr. Kerrio: Well, whatever length of time has been spent on it.

Mr. Chairman: He was talking about planning.

Mr. Di Santo: Let us go to the vote.

Mr. Kerrio: Well, it is planning I am talking about, but he has not answered my question.

Mr. Chairman: Do you want to continue with the vote after the minister has replied to you?

Mr. Di Santo: Which vote is this?

Mr. Chairman: Item 5.

Hon. Mr. Andrewes: I think the point Mr. Stokes was trying to make is that if Hydro is the operating agency, it has a vital interest in supplying electrical energy to these communities in the most efficient manner. There is a diversity of ways of doing it. They are not committed to stringing transmission lines to these remote communities.

Mr. Di Santo: Let us vote.

Hon. Mr. Andrewes: I think that they are a very useful agency in this regard.

Mr. Kerrio: I do not think so. I would like to see competition for it.

Hon. Mr. Andrewes: Much of this, of course, is done in the private sector and will continue to be done in the private sector.

Mr. Di Santo: Call the vote, Mr. Chairman.

Mr. Chairman: Call the vote?

Mr. Di Santo: Yes.

Hon. Mr. Andrewes: A brief answer.

Mr. Chairman: Mr. Sargent has one short question on planning.

Mr. Sargent: It is not very short.

Mr. Chairman: It has probably been answered. Maybe you will read Hansard tomorrow and find we had it answered already.

Mr. Sargent: Have you talked about planning for alternative energy sources?

Mr. Di Santo: Not yet.

Mr. Chairman: Not yet.

Item 5 agreed to.

Item 6 agreed to.

On item 7, financial services:

Mr. Kerrio: This is a new activity and just briefly I would like to get a rundown on what the function of this area is going to be.

Hon. Mr. Andrewes: I think, Mr. Kerrio, to be accurate, it is not a new activity. It is just separated out to allow for a better explanation. I think Mr. Jennings made that point at the outset last week.

Mr. Kerrio: Just briefly.

Mr. Jennings: The function did exist before. It was funded the last year in the conservation program. It basically developed as the budget developed and we got into more elaborate projects with a more elaborate financial system required. Organizationally, the unit is called budgetary control, which gives you an idea of what they are there for. All we did was lift it out of the conservation program and set it out more in line with what the rest of the ministries did.

Mr. Kerrio: That explains it. Thank you.

Item 7 agreed to.

Vote 2001 agreed to.

Mr. Di Santo: On a point of order, Mr. Chairman: My colleague the member for Ottawa Centre (Mr. Cassidy) could not attend today. Anyway, he would like to make a presentation for a few minutes next Wednesday related to an energy from waste plant in his riding. Could we set aside five or 10 minutes for him?

Mr. Chairman: If he can be here at the estimates when we are doing them, he can bring up this concern at that time.

On vote 2006, energy investment program; item 1, Ontario Energy Corp.:

Mr. Chairman: President Malcolm Rowan is here from the Ontario Energy Corp. Who else do you have with you?

Mr. Rowan: Mr. Chairman, I have with me Mr. Peter Szego, who is vice-president of corporate affairs for the OEC, and Mr. Glen Francis, who is the director of finance for the corporation.

Mr. Chairman: Do you have a presentation you want to make?

Mr. Rowan: No, sir. We are available for any questions the committee may have. What we do have, if the committee would like it, is a presentation on the corporation that would perhaps give the committee members an understanding of the activities of the OEC and the changes which have taken place since the last time we met.

Mr. Chairman: I think the committee knows we want to spend as much time on Hydro as

possible. We have that arranged for next Wednesday. We have about an hour for questions and answers here. I think some of the members would like to go into some questions at this time. Mr. Di Santo, I believe, had some.

Mr. Di Santo: I have some questions related mostly to Suncor. When in December 1981 the government of Ontario decided to buy 25 per cent of Suncor, one of the reasons given to us was that it would help to nationalize the Canadian oil industry. In fact, the minister repeated the same concept today. Another was to have a window on the oil industry.

We recall that either public investors or private investors were to come along as a result of the fact that the government of Ontario was buying a quarter of the shares of the company. Since 1981 no other Canadian shareholder has acquired any major portion of the company.

Do you think the objective the government set for the Ontario Energy Corp. is still valid or do you think, in view of the fact you are a minority shareholder in an American company, that objective is no longer valid?

Mr. Rowan: In answering that question, I think the first point I would like to make is there were a number of objectives, as Mr. Di Santo has stated, for the purchase, one of which was to facilitate the Canadianization of Suncor, if I may use that term rather than nationalization.

Mr. Di Santo: Mr. Chairman, that was the very word the minister used today. I was surprised, but that was the word the minister used and I repeated it because, of course, I concur with it.

Hon. Mr. Andrewes: What was the word?

Mr. Di Santo: Nationalize. Hansard will show it. It was probably a Freudian slip, but that is what he said.

Mr. Rowan: You have asked whether or not that objective is still valid. I can give you an unequivocal answer to that. Yes, it is still valid.

Implicit in your question seems to be the assumption that the sale of a large number of shares of a corporation of the size of Suncor is going to happen overnight and should happen overnight. Of course, we all know that a large sale of shares is not going to happen immediately. I can assure you, however, that the Sun Co., the American majority shareholder, is actively seeking to sell additional shares to Canadian companies.

2:40 p.m.

As recently as a month ago, I met the principal officer of the Sun Co., who has the

responsibility for selling additional Suncor shares, and received from him an assurance that the Sun Co. is actively seeking to increase the number of Canadian shareholders. It has engaged a very large, well-known financial adviser to assist it in this endeavour. In my view, the intention of the Sun Co. is to transfer ownership and control of Suncor to Canadians as quickly as possible.

Mr. Di Santo: Mr. Chairman, I want to reply briefly to the president of the Ontario Energy Corp. I do not know what the intentions of the Sun Co. are at this time. What we know are the facts. The main fact is that Ontario entered that deal, having in mind as a primary objective the nationalization of the oil industry. What we have after two years—next month it is two years—is exactly the same situation we had at the moment when Ontario went into that deal, which is that we had an infusion of \$650 million of Canadian capital into the American company.

According to the press release of Suncor that we received the other day, the company is doing very well in the third quarter. It has done very well in profits, which means that the government of Ontario is a minority shareholder helping an American company to make huge profits in Canada. Therefore, the primary objective you had in mind, to help to nationalize the Canadian industry, has not been reached and you are only reinforcing the profits and transfer of capital from Canada into the United States for an American company.

Mr. Rowan: With respect, sir, I could not disagree with you more. We are not in exactly the same position as we were in December 1981. Many things have happened. First of all, to correct the impression that was perhaps contained in the statement you gave, our purchase was not to Canadianize—again I use that word—

Mr. Di Santo: To help to Canadianize.

Mr. Rowan: —but to facilitate the Canadianization. That was clearly the objective and still remains the objective. It is, as I have indicated earlier, one we believe is going to be achieved for the benefit of Canada.

Among other things, what has happened since that purchase, which I think is important to keep very much in the forefront of our minds, is, first, almost \$1 billion worth of new investment has been put in motion, either made or committed by Suncor alone or in conjunction with the Ontario Energy Corp.

Mr. Sargent: Some time can you spell out what it is?

Mr. Rowan: I would be delighted to. I am glad you asked that question.

These are investments that not only were very necessary for Suncor but were also ideally timed, if you will, for the economic conditions that Ontario and Canada have faced during the past 18 months. When we needed jobs, there were investment decisions made by Suncor that provided many construction and manufacturing jobs for Ontario.

Mr. Di Santo: But this has nothing to do with Canadianization.

Mr. Rowan: Some of these investments include the Sarnia hydrocrackers, a \$335-million improvement to Suncor's refinery, the removal of additional overburden at the Fort McMurray plant, which enables the company and Canada to have access to 19 million barrels of additional oil—

Mr. Sargent: What is removal of overburden? That's a new term, isn't it?

Interjections.

Mr. Rowan: I will not recount all of these projects but I will indicate that in addition, at the time of the agreement to purchase 25 per cent of Suncor, there was an agreement to enter into a joint enterprise arrangement with that company for the Canadianization of Suncor's frontier lands. That joint enterprise, as you may know, sir, is now being undertaken by Trillium Exploration Corp. It is a \$220-million, five-year program, which is now well launched. We have some successes already in the Arctic islands and in the Beaufort Sea-Mackenzie Delta area.

These are things that would not have happened without the 25 per cent purchase, and these are things that will be to the benefit of Canadian taxpayers and Canadian petroleum consumers in the years to come.

I believe that a lot has happened and a lot will happen to the benefit of Ontario as a result of this purchase.

Mr. Di Santo: I am not at all convinced that you can take credit for some corporate decisions Suncor has made. We have no evidence at all at this point that those decisions were made because Ontario bought 25 per cent of the shares.

I can tell you right now that Petro-Canada, Mobil Oil, Gulf and Imperial Oil are involved in exploration. You know there have been mega-projects that were to be developed and are not being developed, not because they were Canadian or multinational but because the economic conditions dictated that at some point in time

Imperial Oil could not develop the tar sands plant as it was planned initially and now is developing a smaller-scale plant. But that has nothing to do with the fact of being Canadian or being multinational; economic reasons are dictating that the companies involved in the oil industry will behave in a certain way.

You have not given us any evidence at all that Ontario's presence in that company has determined a different course of action and even less that it has facilitated the Canadianization of the industry. You must agree with us that you have 25 per cent of the shares as you had two years ago, and the control rests in the hands of the Americans. That does not mean we are moving towards the Canadianization of the industry, regardless of the intentions of the Sun Co.

2:50 p.m.

Mr. Rowan: I am sorry. If you are not prepared to accept what I say about the influence we have had on some of Suncor's decisions, then there is nothing more that I can add. All I can indicate to you is that we have had some considerable influence to the benefit of Ontario and Canada. I should also add that 25 per cent of the shares of Suncor in themselves do not necessarily represent the degree of influence that the directors of the Ontario Energy Corp. on the Suncor board can have in the decisions of that company.

Mr. Di Santo: But will you agree with me that in the past year, 1982-83, there has been a considerable increase in investment because of the situation in the oil industry?

Mr. Rowan: I can say to you that the current rules of the game as set out by the national energy program have caused the non Canadian-owned companies, the large multinational companies, to modify their investment decisions in a variety of ways.

On the frontier, because of the rules of the game as set out by the national energy program, those large multinational companies that held exploration rights have had to farm out their land to a large degree to Canadian-owned companies. If that had not happened, given the current rules of the game, those multinational companies would not have been able to invest; and, as I have said on other occasions, that would have been unfortunate for Canada's goal of self-sufficiency.

The fact is, however, that companies like Trillium Exploration Corp. have been willing to farm on these exploration areas. As a consequence, exploration is going on in areas such as

the Beaufort Sea, the Arctic islands and off the coast of Nova Scotia and Newfoundland to a degree that would not have happened if companies like Trillium had not been available to increase the Canadian content of the exploration agreements.

I am not arguing one way or the other as to whether the rules of the game under the national energy program are right or wrong; all I am stating is that they are a fact.

Mr. Stokes: And you are prepared to take advantage of them.

Mr. Rowan: I am pragmatic enough, I hope, to recognize that there must be some acceptance of those rules, recognizing the dilemma that Canada faces. Our conventional reserves are being rapidly depleted. By 1990-95 we may have only 300,000 barrels a day of conventional reserves if we do not replenish them; our needs at that time will be well over a million barrels a day. Somebody has to do something now to find additional Canadian reserves. That is one of the benefits of the purchase of 25 per cent of Suncor and the creation of Trillium Exploration Corp.

Mr. Di Santo: This is my last comment. I could not agree more with what you have said until you said the last sentence. In fact, I would not dispute the wisdom of setting up Trillium Exploration Corp., but I do not see the necessary relationship with the fact that you had to buy 25 per cent of Suncor to set up Trillium Exploration Corp.

Mr. Chairman: Mr. McKessock is next, and Mr. Sargent.

Hon. Mr. Andrewes: Could I make one comment, Mr. Chairman, before we go to Mr. McKessock? That is the question of nationalized versus Canadianized.

Mr. Di Santo: Those are your words.

Mr. Stokes: Don't be so defensive.

Hon. Mr. Andrewes: It happens to be a bad choice of words—

Mr. Di Santo: How can you say that at this time?

Hon. Mr. Andrewes: I think, in the context of Canada being the nation, my words were badly chosen, if it implied something other than Canadianized.

Mr. Di Santo: Well, the English dictionary is the English dictionary. Choose your words.

Mr. McKessock: I would just like to make one short observation. I think you people would make great beef farmers. As a farmer myself, I can see that anybody who can lose practically

all of his assets in one and a half years and still stay in business would do well in the beef business, as that is what they have done in the past year and a half.

Hon. Mr. Andrewes: There is nothing to substantiate that.

Mr. McKessock: The figures I have here show that the present value of the shares is \$15 per share; if you put that against what was paid—

Hon. Mr. Andrewes: Those are your leader's figures based on the 10 shares he bought?

Mr. McKessock: Yes, what you pay for the shares today.

Hon. Mr. Andrewes: Is that the true market value? That is like selling the hoof off the cow to substantiate the value of the beef.

Mr. McKessock: Are you saying that you bought the hoof off the cow when you bought 25 per cent of Suncor?

Hon. Mr. Andrewes: No. I am suggesting that 10 shares of Suncor is the hoof off the cow, and I know what that is worth.

Mr. McKessock: A share is a share, and you got 25 per cent, did you not? Something like 13 million of them a year and a half ago? If you take that devalued price and the interest on the investment, then you have lost \$568 million. You paid \$650 million for your investment; so there is less than \$100 million left in your assets.

I just wanted to point this out. You mentioned that eventually it is going to be good for Ontario and that is why the taxpayers of Ontario should keep Suncor going.

Mr. Rowan: And it is good for Ontario now, sir.

Mr. McKessock: Okay. I guess I can say the beef business is good for Ontario now too. But I just wanted to mention it, minister, because before the year is over you will probably get a chance to help another industry that has lost practically all of its assets in the past year and a half—the beef industry. I just want you to give that industry the same consideration when this comes before the cabinet some time before the year is over.

Mr. Di Santo: What was your question?

Mr. McKessock: It was an observation that they give the beef farmers the same consideration, because they are in the same position of losing nearly all their assets in the past year and a half.

Mr. Sargent: In other words, he is saying that Suncor is not a bull.

Hon. Mr. Andrewes: Mr. Chairman and members of the committee, I would not want those thoughts to go unanswered. I think that Mr. Rowan should address the question of the value of the shares.

Mr. Rowan: If I may, I would like to comment on your observation and to follow your logic.

If an over-the-counter trade of 10 shares establishes a market price—if I understand correctly, that is the premise on which you base your statement and the premise that was behind Mr. Peterson's original comments—and you or I went out tomorrow and purchased 10 shares at \$100, would you agree with me that the value of Suncor had doubled? I can indicate to you, sir, that it would be quite easy to go out and buy 10 shares at \$100, just as it is easy to go out and buy 10 shares at \$15.

Mr. McKessock: You would be crazy to pay \$100 if you can get them for \$15.

Mr. Rowan: But it all depends on what point you are trying to prove. If you are trying to prove that the value of the share is based upon a 10-share trade at \$10, you can do that.

Mr. McKessock: So you are telling me the more you buy, the costlier it is going to be.

Mr. Rowan: That is certainly one—

Mr. McKessock: You do not get volume buying in this situation? You do not get any benefit from volume buying?

3 p.m.

Mr. Rowan: Two different principles are at work here. The stock market price of a company has very little to do with the value of that company. The valuation of companies is determined, by and large, by the discounted cash flow of the future earnings of the company. To arrive at the value of a company, one projects a company's earning capacity over a number of years, then discounts that earning capacity to the present. That is how large blocks of stock in a company are purchased.

In addition, it does matter how many shares you buy because of the influence you hope to gain in the affairs of the company. My basic point is that 10 shares do not a market price make. Anyone can go out and establish another valuation based upon a premise that will be totally different from the one Mr. Peterson established a few weeks ago. To try to establish value based on the market price on a few shares is just not the correct way to do it.

Mr. McKessock: What would you take for your 13 million shares today if you had a chance to sell them?

Mr. Rowan: We would look for the same set of circumstances and use the same approach I just described: the discounted cash flow of the future earnings of the company based upon current assumptions as to the earning capacity. That has all sorts of ramifications, including what the current domestic rules of the game are, what the royalty situation is, what projections are for the world price and how the world situation impacts on Canada.

Mr. Sargent: For 15 years they couldn't sell it. It was the biggest dog on the market.

Mr. Rowan: I do not accept that, sir.

Mr. Chairman: Order.

Mr. McKessock: He has not answered my question yet. I assume you have this all figured out. I am still asking what you would take for the shares.

Mr. Rowan: I cannot tell you what that number is, because it takes a very involved calculation based upon the future earning power of the company. I would expect the company is worth just as much today, if not more, than it was two years ago.

If you do not want to take my word for it, a comment made by an American financial analyst bears this out. He said at the time we made the purchase in 1981—he updated his analysis in 1982—that even with the changed energy environment, our investment in Suncor was still a good one. His 1981 comment was that we had got a good deal.

If you want to get the view of some person other than me, I suggest you go to someone like that independent analyst whose job it is to follow the fortunes of Sun Oil and Suncor, and who has done this for many years.

Mr. McKessock: Minister, if it is worth as much today as it was when we purchased it, why do we not get rid of it and use that \$650 million for other things that have come up over the year? We could certainly use—

Hon. Mr. Andrewes: Such as the beef industry?

I think the motives and the objects of the Suncor purchase that were there in 1981 are still there. Certainly, from the standpoint of energy security and the contribution that purchase will make to our energy security goals, they are just as pressing today as they were two years ago.

If you want a more up-to-date illustration of what Mr. Rowan was talking about, I am

reminded of the Bank of Montreal's recent purchase of the Harris Bankcorp. operation. If memory serves me correctly, I believe the bank paid about \$80 a share for shares that had a book value of about \$56 and were indeed trading at something like \$38 at the time.

Mr. McKessock: There is just one little difference. That is private enterprise and if it goes broke the bank has to be responsible for it. With Suncor, the taxpayers of Ontario have to back it up.

Mr. Kerrio: That is a big difference.

Mr. Chairman: Do you have any further questions, Mr. McKessock?

Mr. McKessock: No.

Mr. Sargent: Mr. Chairman, thank you for the chance to say a few words here. I want to say to the minister that all this garbage he has to deal with is not his fault. He inherited the stuff. If we are taking a whack at you, it is not because of you, it is because of the system.

Hon. Mr. Andrewes: I am a big boy.

Mr. McKessock: He can take it. He has broad shoulders.

Mr. Sargent: Every time I listen to Mr. Rowan I think of the convict who was going to be electrocuted. They were putting him in the electric chair and the priest said to him, "Is there anything I can do for you?" The convict said, "Yes, when they pull the switch you can hold my hand."

Mr. McKessock: We, the taxpayers, are holding the government's hand.

Mr. Sargent: I think Mr. Rowan would make a great man in Vegas as a con man. I say that kindly, but he is doing a good job protecting the government.

Mr. Chairman: Do you have a question now?

Mr. Sargent: You are not playing hockey now. Don't get nasty.

This may be the last chance I have to mention this. Everybody on the street knows that Sun Oil was the biggest dog in the oil business. It had no share value. It was not listed on the market. It had been trying to peddle the stock for 15 years. The thing that bothers everyone is, why buy Sun? If the government wanted to invest in the business, why did it pick that company? They were worried about the operation; it was a losing operation. So here we have a backroom deal, as they said in the press.

Mr. Jarman was at the public accounts committee a couple of weeks ago. He is a good businessman, I understand. I think he is. He is

widely known as a good businessman. I asked him, "As a businessman, would you make a deal like this or would you not?" He would not answer. He would not say it was a good deal. Everyone, Mr. Rowan, knows this deal stinks.

No one in the cabinet knew a thing about it. Only two people knew this deal was going to happen. It all boils down to McLeod Young Weir. I will not go into that again, but the whole thing is a great conflict-of-interest fiasco. If the press wanted to do a Washington Post story on something in Ontario this thing would be gangbusters.

Anyway, we have now paid \$325 million. We did not have the money. We had to go out and borrow it, and we now have to pay interest at 14.75 per cent for the next 20 years on the balance. Is that right? I am not sure.

Hon. Mr. Andrewes: The rate is 14.357 per cent.

Mr. McKessock: That is away above par, isn't it?

Mr. Sargent: The product was not good to start with, based on the risk.

If you could bail out today, minister, would you recommend we bail out? As Bob said a minute ago, the equity has gone from, say, \$660 million down to about \$100 million. We have lost \$500 million if the share price Peterson paid was even half the value, or priced twice that. I will not ask you that because I know what you will say.

3:10 p.m.

Mr. Sheppard: Farmers are not getting out. They are still staying in there waiting for the price of beef to come back up.

Mr. McKessock: Just like Suncor.

Mr. Sargent: I think being a part of the Sun group, we are still multinational. How much of Suncor do we own, one quarter or one half?

Hon. Mr. Andrewes: Twenty-five per cent.

Mr. Sargent: They are part of the multinational, still part of the cartel. If I go out to buy some gas, they are not going to help me get cheaper gas.

Hon. Mr. Andrewes: Why are they a part of the cartel?

Mr. Sargent: Are they not?

Hon. Mr. Andrewes: What is the cartel?

Mr. Stokes: Did you ever read *The Seven Sisters*?

Hon. Mr. Andrewes: It was highly recommended.

Mr. Sargent: I think I have said enough. For the record, everyone I talked to on the street at that time knew it was a bad deal. It still is a bad deal.

Mr. Chairman: Mr. Rowan, perhaps you would like to clear up some of the statements Mr. Sargent made. Would you sooner pass, or do you wish to comment on that?

Mr. Rowan: I think I will just pass, if I may.

Mr. Kerrio: I really do not want to pursue too much the questionable purchase in the sense that you did not make that decision. You are charged with running the company. I would like to address myself to questions you might more properly answer.

You suggested you might have more influence than your 25 per cent would normally indicate. Would that influence include getting information from that company where it might share with you why, in the whole sequence of events, a substantial amount of money was sent to American stockholders out of the purchase price that was taken from Canadian taxpayers? I might say the first dividend that was declared in the company came as quite a shock to many people who might have accepted the buying of it.

I respect the New Democratic Party for having its own reasons. They are up front and say what their purpose is in the whole scheme of things. They would socialize that company and I buy that.

This group here, the government itself, is a real contradiction because it talks about being conservative and talks about free enterprise, and here it is talking about nationalization and such things. That was not your decision, but the important question I am trying to raise here is, were you aware or—

Mr. Stokes: You mean we have too many Petro-Canadas. Is that what you are saying?

Mr. Kerrio: No. I might agree with the purchase of a single oil company or any other private enterprise involvement where one socialistic group could run its system and I would run my free enterprise system. I would accept that as fair competition, and the voters would have to decide whether they wanted to go my route or the other route.

But there are some contradictions here about the influence of the 25 per cent shareholder as it relates to a couple of questions I pose. Do you know anyone who was aware when the purchase was made that there would be a substantial amount of money taken from the purchase and

sent as a dividend to Americans who had never had a dividend declared before?

Hon. Mr. Andrewes: I would briefly make a comment here. Looking back over some brief jottings I made at last year's estimates, you posed a series of questions to the minister. The 12th question was: "When did the Sun Co. decide to issue itself a dividend of \$78 million the day before Ontario became a 25 per cent shareholder of Suncor? Since this decision was part of the deal, why were we never informed of this dividend decision?"

Mr. Kerrio: We were never given an answer.

Hon. Mr. Andrewes: You never received these answers?

Mr. Kerrio: No, absolutely not.

Hon. Mr. Andrewes: A series of questions was posed—

Mr. Kerrio: Yes, and many of them went unanswered.

Hon. Mr. Andrewes: You were never given answers to these questions?

Mr. Kerrio: No.

Hon. Mr. Andrewes: Certainly, our system shows they were sent to you.

Mr. Kerrio: No. What is the answer? If I ask a question, you are supposed to give the answer.

Hon. Mr. Andrewes: Do you want me to read it into the record? I do not want to pre-empt Mr. Rowan's answer.

Mr. Kerrio: Read the answer into the record.

Hon. Mr. Andrewes: I would be glad to. The response was this: "Early in the negotiations, Sun Co. Inc. advised the Ontario Energy Corp. of the intention to establish a dividend before the end of 1981. The financial advisers to OEC included this factor in the evaluation of Suncor.

"It is normal practice for oil companies to pay dividends based on the previous year's earnings, and these dividends are normally in the 20 per cent to 40 per cent range. The \$1.50 dividend announced by Suncor in December of 1981 represented 26 per cent of the company's 1980 earnings of \$306 million.

"Also, it is important to note that Sun had not received a dividend in over 60 years until 1981. This special dividend can be viewed in the context of the reinvestment of earnings in prior years. While OEC and Sun had agreed to the dividend policy, it was also agreed that no payment would be made until final agreements were certain to be executed. Accordingly, the

payment was deferred until the closing date was firmly established."

Mr. Kerrio: And the money changed hands and you, sir, as the minister, want to justify that position, declaring a dividend with Ontario taxpayers' money.

Mr. Sargent: Before the fact.

Mr. Kerrio: Who else knew this?

Hon. Mr. Andrewes: Who else knew it?

Mr. Kerrio: How many people were aware of this transpiring?

Hon. Mr. Andrewes: The people making the deal were well aware of it. That is the point you are trying to make.

Mr. Kerrio: The minister?

Hon. Mr. Andrewes: I am not prepared to tell you who they are. I do not know who they are. The people entering into the negotiations for this deal were fully aware, right.

Mr. Kerrio: In the light of those comments, does that not startle you? You were not aware of it and not too many other people—I know the president was not aware of it.

Mr. Sargent: Was Mr. Kierans aware of that?

Hon. Mr. Andrewes: I assume the people involved in making the deal were. That is what the answer to the question says.

Mr. Kerrio: It still does not answer my question as to how anybody could justify taking that kind of money from the taxpayers of Ontario and sending it as a dividend to the American stockholders.

Mr. Rowan: Minister, I do not think it should come as any surprise because that question, in addition to being asked last year at the estimates—and the answer was prepared and, so far as I am aware, was sent to Mr. Kerrio—this same question has been asked of the former Minister of Energy (Mr. Welch) in the House and he gave reply to the question on a number of occasions. It is not as though this is a new piece of information.

Mr. Kerrio: I am not suggesting it is. I am saying it is one of the things that appals me that we could take that kind of money from an Ontario taxpayer and hand it over to get 25 per cent of that company.

No matter what the justification is, I just say that the company had not declared a dividend for 60 years; it seems a strange situation that all of a sudden, when the money was available cash, it went into the United States. I am

satisfied that the answer is registered and now into the record because of the minister.

Another question I would raise is an important question because the minister, the Premier (Mr. Davis) and many other people who respond to some of the statements that you have made here today in regard to the investments that were made in companies in my own riding—E.S. Fox for one—has certainly helped those companies to continue employing skilled labour and all of those things.

But you made a statement here today as though all of these were new initiatives. We have a good deal of information that much of what you have described was, in fact, on the books and scheduled to go by Suncor, particularly the investment in Sarnia in the fields down there, and many other investments.

The question that I raise—I am sorry I interrupted at the time when Mr. Di Santo was asking this question—I think is a very legitimate question. How would you like to separate what was committed by that company before the purchase and what you are trying to describe as new initiatives because we made the 25 per cent investment? Do you have a breakdown like that?

Mr. Rowan: I think it is important to keep in mind, Mr. Kerrio, the sequence of events that took place between July 1980 and the decision to go ahead with the hydrocracker because, in some people's minds, and I can understand why there may be some feelings that the hydrocracker decision had already been made—

Mr. Kerrio: I thought it was.

3:20 p.m.

Mr. Rowan: But it really was not. I believe that the previous Minister of Energy some time ago provided this information to the House to try to clarify this very point.

Mr. Kerrio: Are you suggesting that the infusion of money made it possible?

Mr. Rowan: No, I am not suggesting that at all. I am suggesting that in 1980 there was a decision by the Suncor board for approval in principle of the notion, if you will, of a hydrocracker and that certain engineering studies be initiated.

Between July 1980 and July 1982 a whole series of events took place that caused Suncor to re-examine its position. Some of those events include the introduction of the national energy program, which, as you know, took place on October 28, 1980. That has introduced a whole new set of rules into the national energy policy

game and caused many companies, including Suncor, to re-evaluate some current and past decisions.

In addition—I am going to have to skip one or two because I just do not have it right in front of me—during 1981 and 1982, particularly 1982, there were a number of projects, as you may recall—the Imperial Oil project at Cold Lake, the Alsands project and one or two others—that were cancelled as a result of the proponents finding that they could not justify the continuation of their earlier plans, given the current tax and regulatory regime. We became involved, as you know—

Mr. Kerrio: The 25 per cent would not qualify you for some of those advantages, though.

Mr. Rowan: Twenty-five per cent ownership of Suncor has nothing to do with that. Those are taxing and royalty regimes that apply to any company regardless of its ownership.

Mr. Kerrio: That is what I meant. I wanted to make sure it was understood that there was no differential there.

Mr. Rowan: But there was a reassessment, if you will, of the economic climate and of the rules under which projects were able or unable to proceed on economic grounds.

As you know, we purchased 25 per cent of Suncor in December 1981. We became active on the Suncor board in January 1982, and between January and July very intense discussions took place at the board among the directors about the desirability of continuing with that project.

There is no doubt in my mind that the Sun Co., in its view of the national energy program, felt it was not the right decision or the right time to proceed with that project. There is no doubt in my mind that the Ontario Energy Corp. directors on the Suncor board influenced the Sun Co. to agree to that project proceeding.

Companies such as E. S. Fox benefited as a result of that decision to proceed. I have to tell you that I was involved in discussions with the president of Suncor, the late Ross Hennigar, to ensure that companies such as E. S. Fox and others were protected during this period of discussion so that the prospects of new orders coming into their plant to maintain employment were not jeopardized.

Mr. Kerrio: Are you telling me that Suncor was just going to stand static if we had not made the 25 per cent investment? Is that what you are saying? You are not giving them any credit at all

for what they had planned as an executive board. What the hell were we buying into?

Mr. Rowan: You are using words that I have not used. Suncor management wanted the hydrocracker to proceed. We believed it was an important project and that it should proceed, given our view of the rules as set out by the national energy program and our interpretation of those rules.

Others on that board interpreted those rules differently. In addition, we were helpful in encouraging and arranging further discussions with the federal government, which provided a better economic environment for that plant. I have to say to you, sir, that we were very instrumental in that \$335-million project going ahead.

Mr. Kerrio: Let me ask the question a different way, because you have not answered my question. You went into great detail to describe all of the work that has been done by Suncor since its purchase. What I asked you very specifically was how much of the work you have described was going to have been done anyway?

The Premier and everyone else who gets up and expounds on the virtues of this purchase never bothers telling us; neither does the minister. He is doing his job as an apologist for this whole involvement. No one has ever told us or been willing to tell us how much of that work would have gone on anyway.

I cannot believe Suncor was just going to stay in Canada and move backwards. You just told us they came out with their first major profits after 60 years of involvement to the point where they were in a position of spending. Is that not true?

Mr. Rowan: I am sorry, I do not understand your comment.

Mr. Kerrio: They declared a dividend, so they must have been in a very good financial position. Were they not going to make any of these investments? Let us put it that way.

Mr. Rowan: I am not quite sure which question you are asking me to answer. Let me deal with the dividend question.

Mr. Kerrio: I have to qualify my question by saying if they had had big profits, enough to declare a dividend, they had the money to go ahead with some investments. Were they not going to do any of these things that you, the Premier or the minister have described? Were none of those things going to happen by some course, had you not bought Suncor?

Mr. Rowan: First, I think you will agree with me that just because the company has significant retained earnings, that is not going to be the only criterion the company uses to determine whether or not it is going to make a new investment, such as in a hydrocracker.

Mr. Di Santo: He is not saying that.

Mr. Rowan: That is what I said. I am sure he would agree with me. The very fact that the Sun Co. had been reinvesting in Canada for over 60 years and had built up significant retained earnings has nothing at all to do with its decision as to whether or not some of that money should be used to invest in a hydrocracker.

Mr. Kerrio: It would sure put them in a better position than if they did not have the money, if they would have to go and borrow it.

Mr. Rowan: That is not my understanding as to how individuals make investment decisions.

Mr. Kerrio: You have circled around and around and never answered my question. I am going to ask it one more time. How much of that work was going to happen, regardless of whether you purchased or not?

We were led to believe by people in that business close to Suncor that a good part of it was going to take place. Reports over the last few years from Suncor's upper management before the purchase were that a good part of that work was going to take place. Am I wrong?

Mr. Rowan: Let me see if I can answer you directly on all counts.

Mr. Kerrio: No, you have not.

Mr. Rowan: Let me see if I can.

Mr. Kerrio: All right.

Mr. Rowan: I want to satisfy you.

Mr. Sargent: You cannot win this. You know that.

Mr. Kerrio: We might play to a draw.

Mr. Rowan: First, the Suncor board had not decided to go ahead with the hydrocracker. Therefore, all the expectations, the understandings that senior management or others in Suncor might have had with respect to the hydrocracker going ahead, really did not matter for anything. The decision had not been made.

A series of interim approvals had been made which enabled Suncor management to undertake engineering studies, to place some orders and, as human beings will often do, give the expectation that further orders were to follow. Those further orders to follow were all contin-

gent on that final decision by the Suncor board. That decision was not made until July 1982.

Mr. Kerrio: They would more likely keep the promise than the politicians. I would think.

Mr. Chairman: Mr. Kerrio, I must draw your attention to the clock. We have used up our time. The longer we go on here, the less time we will have next week. Mr. Stokes, I believe, had a short question he wanted to ask. That will take five or 10 minutes.

Mr. Kerrio: Yes, I will wrap up. I would like to ask two brief questions.

Mr. Chairman: Do you want answers to them?

Mr. Kerrio: I will be very brief and I am sure the answers will be just as brief.

How do you respond to those goofy ads by Ontario Hydro about getting off oil? Are you going to run a cartoon show, too, and tell people they should reconsider now that we have got Trillium and 25 per cent in Suncor? Does your company respond to those "go off-oil" ads that Hydro is running? How do you react to them? How are you going to protect the oil investment while Hydro is going that other route?

Mr. Rowan: I am sorry, I have not seen those ads. I cannot comment.

Mr. Kerrio: I will tell you about them. Hydro has gone into the business of trying to get people not to deal with Suncor.

Mr. Chairman: Are you finished, Mr. Kerrio?

Mr. Kerrio: I thought you might be interested in that particular facet and you might do something to balance that situation.

Mr. Rowan: Is that a recommendation?

Mr. Chairman: Mr. Stokes, do you have a short question?

Mr. Stokes: Yes. Would you give me a brief update on Polar Gas and your joint venture in the Hudson Bay and James Bay lowlands?

Mr. Rowan: Polar Gas, as you may know—

Mr. Stokes: They do not have an application before the National Energy Board at the moment?

Mr. Rowan: At this time, no. The expectation is that they would make an application between now and the middle of 1984, probably around June 1984. That is the latest information I have from the president of Polar Gas and from discussing it with other members of the Polar Gas executive committee. That is the expectation at the present time.

With respect to Hudson Bay—

Mr. Stokes: Is it liquified natural gas or is it an overland gas pipeline?

Mr. Rowan: It would be an overland gas pipeline, yes, not LNG at all.

With respect to Hudson Bay, we have just concluded the second year of a seismic program in Hudson Bay. As you know, Canadian Occidental Petroleum is the operator and Sogepet and Soquip are the other partners. We have a one-third interest in that project.

This year's seismic program is a more detailed seismic program. It is designed to identify the geological structures in more detail, leading, we hope, to the selection of drilling sites based upon the analysis that would take place over this coming winter.

We are really quite encouraged by the regional seismic results last year of the operator, as verified by Soquip, which has some very considerable technical expertise. They found that there were a number of potential areas in Hudson Bay that look extremely interesting. Whether or not the thickness of the sedimentary rock is sufficient to contain hydrocarbons I do not know, but it certainly was enough to encourage everybody to go back again this year and do more precise seismic tests.

As you know, too, we have encouraged the operator, Canadian Occidental. They have done a superb job of involving native people in the environmental aspects of that program. If you have any observations with respect to whether they have done a good job or not, I would be very happy to pass those on. My understanding is that they have had observers on the seismic boat and they have done everything they can to keep people in that area informed.

Mr. Chairman: Thank you very much, Mr. Rowan. I want to thank you for being with us today for the estimates of the Ministry of Energy.

Item 1 agreed to.

Vote 2006 agreed to.

Mr. Chairman: We meet next week at 10 a.m. We have approximately three hours and 35 minutes left.

Hon. Mr. Andrewes: Mr. Chairman, if I could make one point, I am concerned that we get some consensus here on time so that proper time allocation is given to other ministry projects and we have the right personnel here to answer those questions. Could we have some consensus on that?

Mr. Chairman: You have heard the minister. We are dealing with the chairman of Hydro. I

believe it was the indication earlier on that we wanted him in.

Mr. Kerrio: How much time have we left?

Mr. Chairman: Approximately three hours and 35 minutes.

Mr. Kerrio: Which will be next Wednesday.

Mr. Chairman: That is right. It will be 10 a.m. to 12:30 p.m., and then we will finish it up in the afternoon.

Mr. Kerrio: How long is the chairman going to be with us at that time?

Mr. Chairman: That is my understanding. It is three hours and 35 minutes approximately. Is that cleared up?

Hon. Mr. Andrewes: I would ask you again, when will we do the other votes of the ministry?

Mr. Chairman: Oh, the other votes.

Mr. Kerrio: Mr. Chairman, we have always managed to decide how much time to take. When time requires, we stick to the votes. We do what we want. We are allowed, through your good grace, to decide on the priorities and then

we just push through the rest of the votes. Is that right?

Clerk of the committee: That is right.

Hon. Mr. Andrewes: So you don't wish us to have any ministry personnel here next Wednesday?

Mr. Kerrio: I think our major involvement is going to be with Ontario Hydro, and anything else in the estimates will be just a quick scan. We will not ask you to provide anybody else here.

Mr. Chairman: Is that agreeable?

Hon. Mr. Andrewes: You never know when somebody might come up with another issue.

Mr. Chairman: That's right.

Mr. Kerrio: You cannot plan on it. If we want another issue, they should be told about it now.

Mr. Di Santo: We may get into beef marketing again.

Mr. Chairman: Okay, that's it.

The committee adjourned at 3:38 p.m.

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Di Santo, O. (Downsview NDP)

Kerrio, V. G. (Niagara Falls L)

McKessock, R. (Grey L)

McLean, A. K.; Chairman (Simcoe East PC)

Sargent, E. C. (Grey-Bruce L)

Sheppard, H. N. (Northumberland PC)

Stokes, J. E. (Lake Nipigon NDP)

From the Ministry of Energy:

Higgin, Dr. R. M., Executive Co-ordinator, Alternative and Renewable Energy Group

Jennings, I. H., Executive Co-ordinator, Management Systems and Services

Rowan, M., President, Ontario Energy Corp



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Energy

Third Session, 32nd Parliament
Wednesday, November 9, 1983
Morning Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 9, 1983

The committee met at 10:02 a.m. in committee room 1.

ESTIMATES, MINISTRY OF ENERGY

(continued)

Mr. Chairman: I call the meeting to order. As agreed by the committee previously, we have Mr. Milan Nastich before us today. We have three hours and 35 minutes left to deal with the estimates of the Ministry of Energy. We are starting today on vote 2002.

On vote 2002, conventional energy program:

Mr. Chairman: I am very happy to see the chairman of Ontario Hydro and his representatives with us. First, I would ask the minister to make a brief statement, then I will call on you, Mr. Nastich, to introduce those with you. Perhaps you would have an opening statement also.

Hon. Mr. Andrewes: Mr. Chairman, I do not want to go on at any length. The panel assembled here certainly contains the appropriate people to be dealing with any of the issues raised in this committee.

I do wish to acknowledge the fact that Mr. Cassidy has raised a non-Hydro issue. I understand we will be able to discuss that this afternoon. Dr. Higgin will be here at that time to participate in that discussion.

With those comments, I would suggest we commence the discussion on Ontario Hydro matters.

Mr. Nastich: Thank you, Mr. Chairman. I would like to introduce my colleagues.

On my right is Pat Campbell, executive vice-president, operations. He is responsible for the operating side of the organization—design, construction, marketing, services and operations.

On my immediate left is Arvo Niitenberg, executive vice-president, planning and administration. He is responsible for the system planning, research, finance and corporate relations areas of the corporation.

On his left is Ted Burdette, vice-president, finance.

This is our panel for much of the discussion.

I have in the audience today two people who are prepared to answer some questions on the particular issue of the Pickering tubes and the

reactor situation generally, if that is the wish of the committee. They are not part of our panel. Mr. Al Jackson is vice-president, production. He runs the operating group under Mr. Campbell. With him is Bill Morison who is the head designer. They are available if the committee desires later on, for 15 minutes, to talk about where we stand today on the studies and investigations on the reactors.

I would like to start my statement now. It is a short one.

We are here today in the latest session of a process whereby Hydro is accountable for its actions to the Legislature, to the government and to the people of Ontario. We welcome the opportunity to appear before committees such as the standing committee on general government. Hydro is, after all, owned by and operated for the benefit of the people of Ontario and Hydro staff are merely stewards of the corporation's assets.

As a publicly owned corporation, Hydro reports to the provincial Legislature through the Minister of Energy. Each year we have to submit to the minister a review of past performance and a detailed prospectus of future programs, financial plans and load forecasts. All our accounts are audited annually by auditors appointed by the Lieutenant Governor.

As you know, Hydro cannot borrow money, build facilities, buy or sell anything without the approval of the Ontario cabinet.

Mr. Foulds: Mr. Chairman, on a point of order: I believe there are printed copies available, Mr. Nastich.

Mr. Nastich: I think there are.

Mr. Foulds: I wonder if the committee members could each have a copy to follow along.

Mr. Nastich: I have no objection.

Mr. Foulds: I have an aural memory loss and I see things better than I hear them.

Mr. Chairman: Are copies available? If not, you may pass them out after your presentation.

Mr. Nastich: Virtually all our construction plans must be reviewed by the Environmental Assessment Board or the consolidated hearings board. Our rates and rate policies are compre-

hensively reviewed by the Ontario Energy Board each year.

Over the past decade or so, Hydro has been subject to the scrutiny of several provincial inquiries, including Task Force Hydro, the select committee on Hydro affairs and the Royal Commission on Electric Power Planning, to name a few. That is why I find it difficult to understand the statement that Hydro is not accountable. I can think of no instance where Hydro actions conflict with the stated policies or desires of the government of Ontario.

Hydro is also accountable federally. Regarding the export of electricity, it is bound by the regulations of the National Energy Board which govern the amount and price of our export sales and is subject to federal cabinet review. In addition, the licensing and operation of our nuclear stations fall under the regulations of the Atomic Energy Control Board, a federal agency.

Of course, accountability means more than simply meeting rules and regulations. It has to be an intrinsic part of the attitude of a corporation, a commitment to listening to public concerns and responding to them.

For example, building new transmission lines means major public involvement. To give customers full and reliable access to power from the new generating stations we are now building, there needs to be a strengthening of transmission in both eastern and southwestern Ontario. This need was recognized by the Porter commission a few years ago and by the consolidated hearings board last year.

Over and above the required public hearings for the proposed transmission line, Hydro has put a great deal of time and effort into exploring and trying to resolve residents' concerns. For instance, in southwestern Ontario we have held 67 information centres, had 100 meetings with citizen committees and interested groups, and have mailed separate information packages about the proposed facilities to the 30,000 households in the affected area. Virtually the same format is being followed in eastern Ontario as well.

As you might guess, no one wants a transmission line located near his property, so even with all our efforts there is great concern and opposition to the transmission line. However, the process set up by the Legislature is designed to give everyone the chance to intervene and give evidence on the need, the plan and the route before an independent body whose decisions are subject only to government review. Hydro

as proponent will accept whichever plan and route is established by this process.

An accountable organization has to respond to the people it serves. Perhaps the most crucial aspect to Hydro's accountability is how well we spend the dollars the people of this province have invested in Hydro.

Wherever it will not deteriorate the quality of services, we have been cutting costs. We have mothballed a number of our less efficient generating stations and reduced coal inventories by \$100 million this year. We have already begun reducing staff levels and shall reduce further as our construction activities wind down over the next few years. We have cancelled, modified, deferred and rescheduled many capital projects.

10:10 a.m.

But we must continue to provide a secure supply of electrical energy to the people of Ontario at lowest long-term cost. The attractive long-term economics of nuclear power will help us do this through to the end of the century.

We are currently being criticized for building too many nuclear plants and not diversifying our sources of generating electricity.

Right now, Ontario has perhaps the most diversified electrical utility system in Canada with about one third of our power supplied by each of nuclear, coal and hydroelectric plants. When we have completed Darlington, we will still have one of the most diversified electrical systems in Canada.

Ontario has very little dependable hydroelectric power left to develop. Ontario Hydro has identified a lot of small sites that may be valuable for peaking plants. To meet reliably the bulk of the province's future power needs, the choice is either nuclear or coal.

Let me take a moment to give you a comparison of the average costs of making power last year by generation class. Electricity from hydroelectric plants cost six-tenths of a cent per kilowatt hour; from nuclear stations, one and three-quarter cents per kilowatt hour; and from coal plants it was nearly three and a half cents per kilowatt hour.

Nuclear plants are more expensive to build, but much cheaper to operate than coal. For example, it costs Hydro \$1 million a day more to produce the same power at our Nanticoke coal plant than at our Bruce nuclear plant. In the final analysis, nuclear power costs about a third less than coal. That is why we decided to put our emphasis on nuclear.

In present dollar terms, Darlington will end up costing about 10 per cent more than the

Bruce B station, but we know that it will produce economic power by the mid-1990s.

You may have heard last week that Hydro announced it was going ahead with putting one coal unit into service at Atikokan. The north-west system is relatively small, with wide fluctuations in demand depending on the health of the resources industries. A new 200-megawatt coal unit is properly sized for this system and allows the needed flexibility of operating either as a base-load or peaking plant. In this smaller scale situation, size and flexibility give a coal unit an advantage.

But in the larger system it is a different story.

It has been suggested that Hydro cancel all or part of Darlington, and meet future demand by importing power from Quebec or bringing back into service some of the plants that we have been or will be mothballing.

This would not be cost-effective. The power from a nuclear station is at higher cost than from a coal station only for the first few years of operation. After that, nuclear power becomes more and more economical. The Bruce A plant is only six or seven years old, and already it is producing power at 1.9 cents a kilowatt hour.

Ontario Hydro can and does buy power from neighbouring provinces. But we cannot buy it at anywhere near the Bruce plant's cost of 1.9 cents. There is absolutely nothing to suggest that in the 1990s neighbouring utilities will be willing to sell us long-term power for as little as it will cost us to generate it from Darlington.

A suggested alternative to nuclear would be operating coal-fired plants, such as the Keith station or Lakeview. This alternative is also not cost-effective. Granted, these plants have already been paid for, but their fuel costs make them expensive to operate. Besides, they are getting old and inefficient. If they are not competitive with a nuclear plant now, they sure are not going to be competitive 10 years from now.

Then, too, there is the question of acid gas emissions. Pollution control equipment, such as scrubbers, would add to the already high cost of coal-fired power. And even the most modern equipment is only partially effective in removing sources of acid rain. Nuclear power is not only cheaper, it also ameliorates the problem of acid gas emissions.

The art or science of estimating future needs is integral in the utility business, but the mammoth scale of putting new facilities into place makes it all the more difficult. As you know, the nature of our product is that it must be delivered the instant it is needed, it cannot be warehoused,

and it is an increasingly essential service in our society.

What is more, it takes some 14 years to design and build a generating station. Normal business cycles are from three to five years long. We have to look ahead about four business cycles to determine what the market for our product will be. So we turn to economic forecasts.

A recent article in the *Toronto Star* noted some current predictions: The Conference Board of Canada estimates growth over the next business cycle of four years to be 1.7 per cent per year; Informetrica says it will be four per cent and the Economic Council of Canada logs in at 3.2 per cent. If expert opinion shows that kind of disparity in looking four years ahead, you can appreciate the task that looking 14 years ahead holds for anyone building large projects.

Moving on, I would like to clarify some mistaken notions that have been circulating about Hydro's debt and financial soundness. The completion of Hydro's generating construction program will increase the corporation's debt.

The debt in itself is neither good nor bad. You cannot evaluate a corporation's strength simply by knowing how much it owes. You have to know how much it owns, how effectively it can sell its products in the marketplace, and what its prospects for future earnings look like.

On that basis, Hydro's prospects look good. The amount of debt owed by Hydro will continue to increase through the 1980s, but the value of Hydro's assets will increase even faster. For example, by 1990 the corporation's total debt will stand at about \$26 billion but its total assets will be \$36 billion. In other words, the money Hydro owes will continue to increase, but what we own will increase even more. The net result is an improvement in our financial situation.

It is important to note that Hydro does not borrow just to carry on business. It borrows to acquire new facilities which will produce additional power and generate additional income. Hydro's debt represents an investment that is sufficiently sound, as Standard and Poor's Corp. has reaffirmed Hydro's triple-A credit rating. Only a handful of utilities in North America have such a high rating. If there are any doubts about Hydro's debt, and its ability to pay it, the sharp-eyed money people in New York certainly do not share them.

There have been charges that Hydro's growing debt is evidence that power rates could

quadruple over the next 10 years. Not so. For the 1980s, power rate increases will most likely be about equal to the rate of inflation. In the early years it will be slightly above, in the late years slightly below. For the 1990s, rates should decline substantially. Fifteen years from now it is likely that you will be paying about a third less for electricity than you are now in real terms.

That concludes my prepared statement. If it is to the interest of the committee to know details of some of the recent developments relating to pressure tubes in our Candu reactors, we are prepared to provide them. But I am at your pleasure.

Mr. Chairman: What is the committee's wish? Would you like Mr. Nastich to continue and give us a brief update on the tubes or the reactors, or would you rather ask questions?

Mr. Peterson: We would certainly have a number of questions on a variety of subjects, and we will get to them. There is no question we want to get to that subject.

Mr. Chairman: Perhaps if he went ahead and maybe explained some of it, it would help in the questions.

Mr. Peterson: I am trying to be constructive and use the committee's time effectively. A number of questions have been raised in this statement, a number of general questions as well as specific questions with respect to reactors. I am wondering if we could respond now to the statement with some of the general questions, and then get into the reactor question a little later. Would that be constructive?

Mr. Chairman: If that is the wish of the committee.

Mr. Hennessy: The only thing is, if you break off the line of thought and go into one discussion and points are made, then you have to go back again. I would like to have the gentleman present all of his brief, and then start from then on. I think the members of the committee could specify fewer questions than—

Mr. Peterson: Logically, I think that is a good reason to break now, and then we will pick up the line of thought on the reactors a little later.

Mr. Chairman: Mr. Foulds?

Mr. Foulds: I understand that the statement on the reactors will take about 15 minutes, Mr. Nastich?

Mr. Nastich: Yes.

Mr. Foulds: It might be worth while to get the base for discussion now, and not wed it to one view or the other.

Mr. Chairman: We can spend the 15 minutes talking about whether we are going to do it or not, so why do we not do it and then go ahead?

Mr. Nastich: I would like to introduce Mr. Al Jackson, our vice-president of production, who will give you the latest. He is the man directly responsible. As I introduced him earlier, Mr. Al Jackson is vice-president of our production branch, which operates the nuclear thermal production transmission.

Mr. Jackson: Mr. Chairman, I would like to run through the status of the various units and the work program we are involved in. Pickering unit 2 has been out of service since August 1.

Mr. Peterson: Do you have a statement?

Mr. Jackson: No, I do not. At the present time, we have removed one channel, G-16, which was the pressure tube that leaked. The pressure tube has been sent to Chalk River for examination. As you know, we found a large crack and some blisters on the outside of the pressure tube. We have also removed the calandria tube, which is the tube that surrounds the pressure tube. That is currently under investigation at Chalk River. We do not at this time have any significant, detailed information.

10:20 a.m.

In addition to the channel that developed a crack, we removed a pressure tube close to that area and have also sent it to Chalk River for examination. It shows no signs, on the outside of the channel, of any blistering or any anomalies. Both of these channels have high hydride concentrations, higher than we had expected, and we are doing a lot of analytical work to determine just what that means to us.

At the present time, we are inspecting further channels. We have defuelled 15 pressure tubes and we have recently acquired, after about three years' development, an inspection device that allows us to look at the inside of the pressure tube with no fuel in it but with water. That process is now going on. To date, we have looked at five defuelled pressure tubes in unit 2 at Pickering.

Mr. Peterson: With the mini-TV camera?

Mr. Jackson: It is not really a TV camera as such. It is an ultrasonic testing device that measures three things. It measures any discrepancies in the walls of the tube. It detects where their garter springs are. It also measures the space between the pressure tube and the calandria tube.

Inspection is going on in unit 2. Of the five

pressure tubes we have looked at so far, we have located all of the garter springs. With the exception of one, they were in the design location and one was out by about 20 centimetres.

We have seen on the film some anomalies on two of the tubes that we do not really understand. It would be difficult to know what those anomalies are until we are able to correlate what we see on a film and take a pressure tube out. Our plan to do that is really concentrated on unit 1. Unit 1 at Pickering has the same type of pressure tubes. It has been in service about the same length of time. We are going to take it out of service, starting Friday of this week, and we expect it will be out for about a month.

During that outage we propose to inspect four pressure tubes. Having inspected them and recorded the findings, we will then remove these pressure tubes, send them to Chalk River, do a detailed inspection of the outside surface and do a testing of the hydride levels.

Mr. Peterson: Have you identified the four you are going to inspect, or is this a random sample?

Mr. Jackson: We are going to take out G-16, which is the corresponding tube in unit 2 to that which leaked in unit 1. We are going to take out G-7, which is a tube that is diametrically opposite G-16. We are going to take out K-7 and Q-12.

We have picked those particular tubes for various reasons. First of all, G-16 is the corresponding pressure tube. The others represent tubes that have seen a high flux—some indication that there may be contact between the pressure tube and the calandria tube. One of them has seen growth over a period of time and has now stopped growing. These four tubes will give us a representative look at the tubes in unit 1. It will also provide us with a better opportunity to correlate the evidence we are finding in our inspection program with what we actually see in the pressure tube. At the present time it is very difficult to do that.

If we find no outside anomalies on the pressure tubes in unit 1 when we take them out, we would then propose to retube those four channels and put the unit back into service.

During the month of November, our inspection program will continue on unit 2, because we have only one set of equipment we can use for removing pressure tubes. Since it is going to be tied up on unit 1, our major program on unit 2 will be further inspection of channels.

We are conducting a lot of work in terms of garter spring locations. That falls into two

categories. We have physically looked at all the reactors not in service and determined where the garter springs are located. The garter spring's function is to keep the pressure tube and the calandria tube from touching. The spring is around the pressure tube and in the annulus between the pressure and the calandria tube.

We are also doing a lot of analytical work in the area of the garter springs to determine any significance that may develop if the pressure tube and the calandria tube touch. We are not completely aware at this time of whether or not that is a significant factor. We are doing a lot of analytical work in that area.

The one thing we have not determined is what actually precipitated the blisters on the G-16 tube in unit 2. We know they will form with high hydrides, but it probably takes some other initiating factor to get them to crack the way they did.

In Pickering, we are proposing next March to shut down unit 3 and take a pressure tube out of that unit. That would be a normal maintenance outage, but we would use that opportunity to take a pressure tube out. We want to do that because Pickering units 1 and 2 have Zircaloy pressure tubes, whereas all our other reactors since that time have been tubed with zirconium-niobium. The interest in taking the tube out of unit 3 is to determine the hydride buildup in a pressure tube of zirconium-niobium.

At the present time, Pickering is operating with the A plant with unit 2 down and unit 4 down on an outage that we had already planned. It started last Friday and will be back into service at the end of this week. We are operating Pickering unit 5 at full power and Pickering unit 6 at about 50 per cent reactor power, which was enough to provide the steam, and the unit synchronized with the system yesterday.

At Bruce, all of the units are operating in the Bruce A plant. In the Bruce B plant, we had fuelled unit 6 in preparation to going critical this month. We have decided now to defuel that and do an inspection of garter spring locations. This will provide us with an opportunity to ensure the garter springs are in the appropriate location before the plant goes into service.

In the zirconium-niobium pressure tubes, we are not concerned in the short term if the garter springs are out. It may be that eventually we will have to relocate some of them. At the present time, we think it is quite safe to operate for a number of years.

We have not yet put the pressure tubes in unit 8 at Bruce, so we are using that unit as an

experimental unit to determine some of the factors that may have contributed to the garter springs not being in the location where they were designed to be. It would appear from our findings they were installed properly during construction but, because of vibration or other factors, they may have been moved out of position. We are doing a lot of work in that area with unit 8 so that, if need be, we can change our installation procedures and ensure they stay in place.

We have developed a lot of special equipment over this process. One device in particular is the use of an induction coil that is put down the centre of the pressure tubes to allow us to reposition the garter springs if we find that is desirable.

I think that is basically the work program we are engaged in.

Mr. Peterson: Mr. Chairman, I may start off with Mr. Nastich and then I would like to move into technical questions as they are of some concern.

At the outset, I should say I admire how you have shouldered a tremendously onerous responsibility, both as president and as chairman of Ontario Hydro, facing this rash of technical problems which have brought a new urgency to the debate, not only from Hydro's point of view but also from a political point of view. I know you understand and respect your responsibilities in that regard, as well as the corridor question, which is an increasingly difficult and highly political one, and the general public relations effort you have to maintain.

10:30 a.m.

I am not here to try to second-guess your point of view, I would not be that presumptuous. But I do think we have a major and important responsibility in terms of the debate, the discussion about where Hydro goes, indeed, what Hydro's role is in the future of Ontario and its relationship with its owners, whom we represent here. We have had a number of discussions about the accountability process.

I will deal with your statement a little later. There are some things in there that are rather misleading. For example, the Keith station, which was refurbished and then closed down. It is not as antiquated as one assumes; presumably after an upgrading or refurbishing it would not be as antiquated as it was. Or the question of Hydro's assets; presumably in a corporate balance sheet, when you talk about assets, you simply assume there is some realizable value in

some of these assets. One of the phenomena we are finding is that a \$10-billion reactor today could be a \$10-billion liability tomorrow morning, just like that.

It is a little bit misleading to sort of try to compare this to a General Motors balance sheet and suggest we automatically can get what we have installed in these kinds of things, even at an appreciated value, or the fact that Hydro has a triple-A credit rating, because on its own it would not have a triple-A credit rating. The province of Ontario has a triple-A credit rating and you were borrowing on that. Those facts have to be made quite clear to the public, if this is the argument we want to use.

Mr. Nastich: I will respond later to those because I do not think they are misleading. But carry on.

Mr. Peterson: There was a time in 1975-76 when there was a substantial amount of worry over Ontario's credit rating. Prior to that they had not looked to Ontario Hydro because it had been washed through or guaranteed through. I remember specifically listening to these unnamed gnomes of Wall Street saying Hydro on its own at that time would have had a B or worse bond rating had it had to apply on its own. For the sake of candour, let us not pretend that Ontario Hydro has its own independent bond rating.

We can get into those questions later and we will deal with your statement. You have tried to anticipate some of our concerns. I appreciate you doing that. I think it is time for a legitimate discussion.

You have put forward a major public relations campaign lately. I do not know how you can run Hydro, spending all your time writing letters as you are. There is not a little newspaper in this province or municipal electrical association that has not received your personal attention in the last little while. How big is your public relations department now?

Mr. Niitenberg: In what terms?

Mr. Peterson: How many people do you have?

Mr. Niitenberg: Corporate relations, which includes the employee relations department, communications department, government relations and public hearings, used to have 120. We are now down to 93 over the last four years.

Mr. Peterson: Are these the people who send the letters out to the newspapers and things like that, to the Alliston Herald or the Fort Erie Times Review or whatever?

Mr. Nastich: To be specific, I do not have the numbers. Mr. Niitenberg has. In the corporate relations activity that we talk about, we have people who provide for employee communications within the company. That is really not a public relations activity, as you would say, in a standard way.

We also have a group of people who are involved in hearings. That is the staff we need for the joint hearings board before the Ontario Energy Board. These are people who provide the backup. That is not really a public relations activity. It is in many companies in the legal division as a backup.

We have a media relations group, which is there to respond to questions from the press. They are on almost all the time and respond to questions from yourselves, the press and television.

Then we have the people who work in the chairman's office. That is a total of three people, who generate much of the material for me. But I must say I participate pretty thoroughly in those letters because I do not send letters out on a standard basis. I try to make sure that what is in it reflects my views too.

Mr. Peterson: I want to talk about your relationship with the minister, and it obviously has taken a variety of different forms, depending on the personalities. I respect that. You have faced a myriad of Energy ministers, all with different talents. There have been a number of chief executives of Hydro, all with different relationships with the government. One of my concerns is that Hydro has sort of fallen between the cracks in terms of accountability.

Often in the House we will ask the minister a question. He says, "It is not my responsibility, it is Hydro's; go ask them." We get an opportunity once a year to talk to you in a situation like this, but that is about it. You have a bigger debt than the province of Ontario at the present and it is going to continue. We are responsible, through the guarantees, for that debt.

There are some big questions. How nuclear should we be? What is the right of the public to be involved in the major discussions and policy decisions that should be made? I for one feel very strongly that you are avoiding some of the major discussions because you have no distinct accountability; there is no way to get to you. I will not talk about that.

What do you feel is your responsibility to the minister? What do you tell the minister? How often do you talk to him? Do you tell him Pickering unit 2 is out today and give him the reasons? Do you warn him, for example, that

you have two-year-old or three-year-old reports that there may be problems in the Zircaloy tubes?

He should be aware of those kinds of problems because they impact substantially on safety and financial issues. I am not overblowing the problem; I really am not. I am not trying to create a scare situation. There are big questions involved from a safety point of view as well as a financial point of view. What do you tell him?

Mr. Nastich: Specifically, in my new job as chairman I meet with the minister about once a week. We spend an hour or two talking about issues of major concern to the ministry, to Hydro and to the Legislature. As I see it, it is my responsibility to keep the minister informed of all issues that might well impact in the broader sense outside Ontario Hydro. For example, I will not tell the minister we may have a lineman sick tomorrow or we may have a truck break down. I will not go into that detail.

Mr. Foulds: Would you know that?

Mr. Nastich: I know if there are accidents. I get that information the next day.

I have to make a judgement as to what I think the minister should know. My intention has always been to tell him more than he perhaps cares to know because I am not always sure what will become an issue. We have those weekly discussions about the major and even minor questions. I guess what is minor depends on how the public perceives it.

Second, after each board meeting I write a letter to the minister which tells him what the board decided and what the board considered. On major issues, the minister, ministry staff and I discuss items which will be going to the board. The southwestern Ontario transmission line, nuclear issues, rates, borrowings, financing, these kinds of things are sent and discussed with the ministry staff and the Treasury staff before they go to the board. When I do go to the board I have a chance to say: "This has been discussed with the government. They are agreeable, or not agreeable, or suggest a modification."

With reference to the reports you mentioned, we have a system in Hydro whereby all reports not considered draft—that is, final technical and financial reports—go to the reference library. There are literally hundreds of reports there. I do not read them all. As a matter of fact, I have not read the reports you referenced. I did not read them because I have enough to do in my responsibility without reading every technical report.

I do depend on my staff to tell me when a technical issue comes up. This report was seen by the technical staff as not being relevant to the issue of a rupture, even though the technical problems deal with rolled joints. Mr. Campbell can give you more detail on that.

10:40 a.m.

When that came out in the public, it was news to me. I had not been informed. You can say that is a management problem, but I have to depend on my staff to keep me informed on the issues that are considered important. What we have found, Mr. Peterson, and this is a problem I think for any large corporation such as ourselves, is that we are a fairly open corporation. Newspaper and media people talk to our staff at all levels. The staff will frequently tell—

Mr. Peterson: Whether you like it or not.

Mr. Nastich: That is right. As far as my policy is concerned, I feel they should talk to the media on their areas of expertise. What I think is wrong is when our medium-level staff speculates on what the board is going to do or what I am going to do. I do not think they have the authority or even the capability to do that, but we have had that happen. There were several instances last week when middle-management staff speculated on what the board is apt to do. That is a natural enough mistake.

When you have that, Mr. Peterson, you are in a position of frequently having to go back and find out about a particular issue which under normal circumstances is not important and is not significant, but it becomes public through the press or through your questions. Therefore, you are finding yourself looking at it in a nonmanagerial sense, looking at issues which really are blown out of proportion frequently by the very fact that they are put up as a speculation by middle-management staff.

Mr. Peterson: What you are saying is that it is your staff's responsibility to highlight the critical things for you in this myriad of technical reports, as I rely on my staff to come to me and say, "Look, this is important and this is not important." I respect that, but sometimes, obviously, in retrospect you wish somebody had brought something to your attention that he did not.

I am just using as an example the garter spring pressure tube situation; we will get into the technical details later. Certainly, the reports I have read and the signals sent up as far back as 1976 through various reports in a way predicted or at least said we could have a major problem

with the tubes, possibly as a function of the garter spring migration. Would you not agree with me?

Mr. Nastich: There are other reports which made different suggestions. What you have in any technical organization—you have it on the financial and economic side—is differing opinions. I quoted the economic forecasts. For example, there are four of them for the next four years. Whichever one Hydro picks and whichever one turns out right, that person is going to say, "How come you did not know that, because I said so?" We have technical people in our company who have different views, and we encourage that. We have Mr. Morison and Mr. Jackson and others who say, "This is the way we are going to go."

For example, a decision was made many years to go from two garter springs per channel to four. I do not know that I would have been, if I was in this position, involved in that kind of a discussion or decision. Two garter springs or four? It is a technical question. It involves data you have at the present time and future data you speculate on. If my people had recommended to me that we should go from two to four, I have no basis except to say: "These are the people I trust. These are the people who built the plant, and that is the way we are going to go."

In hindsight today we may say, "Why did you not know about that decision?" I cannot in my position, or any of us here, design these plants at the top level.

Mr. Peterson: I understand what you are saying. What you are saying applies not only to you but to everyone who has responsibility for anything. You are judged by history; you are judged in hindsight. If you are right in your original judgements, you are a hero. If you are wrong, you are a bum.

Mr. Nastich: There is always a time lag, Mr. Peterson.

Mr. Peterson: All I can do is judge from hindsight at the present time, as we are all judged in that regard. What we see is that somehow or other the system did not cough up some of the signals that probably would have been relevant to the contemporary discussion. Obviously, you are looking at your own information systems and red-flagging systems to make sure, presumably, that this does not happen again—the breakdown that we could have prevented. The genius is to prevent problems, not to solve them after they occur.

Mr. Nastich: That is right. When you look at that Pickering unit 2 on that basis, there is a fair amount of genius there. There were no problems in safety at Pickering 2. That was because the designer said even though the likelihood of a rupture at a pressure tube was very unlikely, a very, very low probability, the system was designed to take care of it and it did.

Mr. Peterson: Then we ran into a whole bunch of other problems. That blew the whole theory on which you have been selling Candus. You have been explaining. You have said that there was a leak before the break. It looked like the break came before the leak here. They have shorted out the refuelling system. There is a whole series of complicated problems there, unpredicted problems coming out of that thing.

There was no safety hazard, presumably, but let us not kid ourselves that we were completely on top of that situation all of the time. You were going from day to day trying to cut your downside.

Mr. Nastich: That is true generally of every major generating station that we have, coal-fired, hydraulic and thermal. We have forgotten the fact that Nanticoke, which went into service in 1973, for several years after had major problems with hangers, with the turbines, which, because it was a coal-fired plant, nobody was particularly interested in, but the same sort of problems exist there as do in the nuclear plant.

The key is, do your safety systems in both those plants operate so that the risk and the danger are very low? The problems that we have at Pickering—the nuclear station's exciter problems, leaks in the plumbing—exist in coal-fired plants too. It is no different if every day you could see the significant events in our coal-fired plants.

Mr. Peterson: I know what you are saying to me but I fundamentally disagree with you. I would say that a rupture in a thermal boiler is not that big a deal; you can fix it up with money.

Mr. Nastich: As long as you are not close to it, Mr. Peterson.

Mr. Peterson: All right, but the nuclear technology is an unforgiving technology; the standards have to be very, very different in that regard. We are playing with a very different matter when we are playing with the nuclear system than when we are playing with our conventional systems.

Mr. Nastich: That is why the safety systems have to be so carefully designed and almost duplicated and triplicated so that you can assure

the public and the staff—remember, there are two groups of people involved here, the staff in the plant itself and the public—to make sure that they are operating under situations which are safe. The issue is not that you are going to have leaks or what kind of leaks occur, but do you have the staff to be able to deal with that when it occurs, and it will occur.

Mr. Peterson: Just to go back to the point you are making about being an open organization, you encourage everybody to talk to the press.

Mr. Nastich: I do not encourage them.

Mr. Peterson: They do it whether you like it or not.

Mr. Nastich: That is right.

Mr. Peterson: I look at what you have done. As you know, we have expressed some of our concerns and how to bring specific accountability back into the system through a couple of amendments to the Power Corporation Act. You know about that and we will get to that in a moment.

We tried to involve the public in a discussion of that with the various public utilities commissions and a variety of others across the province. You have personally written a number of them, with respect to my letter, urging them to speak with a united voice. I notice that the president of the Ontario Municipal Electric Association has written to everybody saying, "The Leader of the Opposition has sent a letter to each municipal utility chairman and secretary outlining amendments."

He does not believe that the people should respond individually to this thing. He wants to develop a joint position. The wording in his letter is almost identical to the wording in your letter. Obviously, you very carefully worked that out with Mr. Wratten, the president of the Ontario Municipal Electrical Association, in addition to your letter to these various people. You are obviously trying to contain any discussion or opposition or free discussion of our kinds of approaches to bring back accountability.

Mr. Nastich: I think maybe it is more to bring out both sides of the issue because I think that everybody is a protagonist in this; everybody brings his own biases to it. We believe, and I guess you do too from your side, and perhaps others do, that some of the issues on which we differ have to be looked at in sort of a balanced position.

For example, on the issue of debt, I think we have a case here which is strong. You view it as a different situation. I feel that organization has a

responsibility to tell OMEA, the Association of Major Power Consumers in Ontario and our major customer groups what we believe about it. We simply have to put ourselves in the debate and put our position forward to let the public see both sides or three sides of the coin.

10:50 a.m.

Mr. Peterson: I certainly do not mind your being in the debate. You are a key player and should be in the debate, but I sense from all this you are trying to prevent others from being in the debate. You are using your considerable power and your high-powered public relations programs, through yourself and the Ontario Municipal Electric Association, to try to persuade people not to participate in this debate.

Mr. Nastich: I do not think that is so. For example, Mr. Wratten's speech to the OMEA district convention, which he has made this fall, and I think you have seen it, was designed and developed by OMEA. I first heard of it at one of the convention's meetings.

OMEA in the past has been critical of Hydro and in those instances people have quoted the association approvingly as being critical of Hydro. Then OMEA comes back and changes its view, which it did this year under no instigation from us—that speech Mr. Wratten made was developed and designed by the association.

Mr. Peterson: You said in your letter to one official, "The amendments to the Power Corporation Act as proposed by David Peterson could mean some significant changes to your provincial utility." What am I suggesting that would dramatically change a provincial utility?

Mr. Nastich: I think the one change is the idea of having every borrowing looked at in the Legislature. That could make it a very difficult to operate a business, from a business point of view. I do not know of any utility in Canada which does that, Mr. Peterson, anywhere.

Mr. Peterson: The borrowing is on behalf of the Ontario taxpayer, guaranteed or washed borrowing. Why should the Legislature be prevented from having a debate about that? Do you think that should be discussed in secret, in cabinet, with no approval?

Mr. Nastich: You are moving into an area in which I am not an expert, but it seems to me the members of the Legislature have a government which is designed to run the province. We have to get the concurrence of the Treasurer of Ontario on our borrowing program each year. That is part of the discussions we have with Mr.

Andrewes and Mr. Grossman, and with Mr. Miller in the past.

We get the Treasurer's concurrence as to the exact amount of dollars we expect to borrow next year. We get his concurrence on the timing of those issues very generally. On every issue there is a Treasury representative who is involved in the pricing of that issue. At the end of that period we have to get a Lieutenant Governor in Council document which approves that borrowing. There is a very detailed procedure.

For example in the Canadian market, to talk of that specifically, we have the right, as do other utilities, to borrow without going through a registration procedure. It is not informal but it is very quick. It gives the advantage to the province and to Hydro to be able to say, "The market looks very good and we want to borrow on it."

Mr. Peterson: I do not want you to be misinformed about what we are suggesting here. We are suggesting broad borrowing approval for the broad amounts as we do now for any government borrowings.

As you know, the government has to come to the Legislature for approval to borrow against the Canada pension plan, the superannuation fund or to go to the public market. You know that. We do not sit there and say you have to borrow it on the evening of November 4. We leave the strategic market entry decisions to Treasury. That is their responsibility and they do that. They go by the advice of their advisers when the time is right. That is what we are suggesting for Hydro.

Why is that interfering? Why is it not my right, as a member of the Legislature speaking on behalf of 70,000 people in the riding of London Centre, to say, "I think we have to have some concerns about being \$27 billion in debt by the year 1986 or whatever"? Why is that not my right?

Mr. Nastich: I am not suggesting it is not.

Mr. Peterson: Why should not the Treasurer, who speaks on your behalf in that regard, have to stand up and say, "Here is why we are borrowing \$3 million this year and here is what we are going to use it for," and have to explain himself rather than going in secret to the cabinet, shuffling it through, and no one knows what is happening? Surely that is our right.

Mr. Nastich: I think that is more of a government decision than ours. I have no responsibility for deciding what the Power Corporation Act—

Mr. Peterson: You are the one who has written to people saying that David Peterson's amendments would mean significant changes to your public utility. What are they if it is not that?

Mr. Nastich: That is the one I thought it was.

Mr. Peterson: How is that going to change the public utility?

Mr. Nastich: If I misunderstood you, I apologize for that. The way I understood it was it would be individual borrowings that would be reviewed in the House.

Mr. Peterson: No. The broad amount for the years is the way it works at the present time. I just want you to understand this.

Mr. Harris: Do you not already now have the authority in the House to debate the broad, overall, general borrowings?

Interjections: No, we do not.

Mr. Harris: You do not? Of the government, including Hydro?

Mr. Peterson: No.

Mr. Foulds: Not Hydro. This is the only chance we get to talk about Hydro.

Mr. Peterson: You have been under a tremendous amount of pressure lately. My problem is I have known you for a long time and I have the highest respect for you personally. I know how you are dealing with these difficult situations. I am trying to make your life easier, not more complicated.

I would suggest to you more public scrutiny, more openness and sharing of your problems. This is the first time we have had any kind of a reasonable explanation about the garter springs situation from Mr. Jackson. I appreciate this, but why could we not have had this three weeks ago?

The minister owes me information on so many questions. He says: "I will get back to you." "I will get back to you." "I will get back to you." "I will get back to you." And he does not share.

Look, there are problems. You have problems and I have problems, but surely you have a responsibility to share those and give your owners the benefit of all of the information at the time. You will get a far better reaction and far less squawking from the public on any issue if you share that.

This is my whole point with you. I say to you again, on the question of public accountability or some kind of confirmation hearings on the chairman, I believe the job of chairman of Hydro is one of the most important jobs in this

province. I would not rank it against that of Premier (Mr. Davis), however, let us say there are one, two, three or four most important jobs in this province. Is it the biggest company in the province? I think it is.

Interjection: Yes, it is.

Mr. Peterson: Given the fact this person, if they can find somebody to take the job, has all of these major responsibilities, why would you not think it would be constructive to have some kind of a confirmation hearing?

Obviously, the government's voice would carry the day. They dominate the committees. However, at least it would make sure this person is sensitized to the views of the public as expressed through their elected representatives. You may not like it that they are elected representatives, but the point is it is the only system we have.

Mr. Nastich: It is not my responsibility to comment on how the government selects the chairman. That is a decision the Premier and the cabinet have to make. I did write a letter to the Globe and Mail on this subject, saying whatever selection process is decided upon is all right with me. The Power Corporation Act says there shall be a chairman, and whoever it is, I shall work for him.

What I did comment on, Mr. Peterson, was the fact the last three chairmen of Hydro have been outstanding people. I speak now from personal experience. Mr. Macaulay, Mr. Taylor and Mr. Gathercole—the last three, in sequence—were outstanding executives and they did a tremendous job.

The process we now have turned out fairly good chairmen—I think outstanding chairmen—and a new process may do the same thing. However, you really should address that process to the minister, rather than to me.

Mr. Peterson: This is where I will fundamentally disagree with you. In hindsight I think we have seen so many major decisions that have been wrong. You have expressed the difficulty of making those judgements, guessing ahead 14 years and all of the different points of view.

Ultimately, the responsibility has to be vested somewhere in one person, one board, one group of management. There have been so many decisions that have been wrong. In hindsight I would suggest to you those people are the ones who made some of the various decisions. Some were good and some were bad, but on balance they were very bad and they could not have withstood the pressures from accounting to

shareholders or anyone else, if there was any real accountability in the system.

You understand the system, as do I. You have been used as a political organ when it suits the purpose of the government and held at arm's length when it does not suit the purpose of the government. You take the blame; they get the credit. Meanwhile, you have to carry all these decisions.

I am going to pursue this for just a moment. What do you think is the responsibility of government vis-à-vis your responsibilities in terms of moving ahead on Darlington, moving back on Darlington, moving on a corridor, not moving on a corridor?

You were grossly manipulated in the last election, as you will recall—moving ahead on Darlington, and Hydro as part of the BILD campaign. Do you think that is right?

11 a.m.

Mr. Nastich: If we were asked to do something by the government which was contrary to the economics and best interests of electricity users, then that would be the case.

With reference to the transmission line—I will take that first and then get to Darlington—it is the deeply held belief of our technical people that there is need for a second transmission line out at Bruce. We expressed that belief with the data to an independent body called the consolidated hearings board. The need was defined by them. They said, "Yes, there was a need." It was not Hydro that said that.

The plan that they approved was not the one we had asked for, but we accepted it because it was a judicial body and was confirmed by the government. On the transmission line we are operating within a process defined by the Legislature whereby the decision is outside our jurisdiction as to whether the line is going to be built, which plan is going to be used and where the route is.

Mr. Peterson: That is not my question. You knew when you built Bruce that you needed more transmission out of there. That is obvious. We all know that we are way behind on getting that power out. It is compounding your problem substantially. Am I right so far?

Mr. Nastich: Yes.

Mr. Peterson: You also know that the whole system was shut down for a year or so before the last election in 1977 so it would not create a political fuss. You know and I know what problems corridors create and they are targeted

to ridings and they worry about losing seats on the basis of those fights. Right?

Mr. Nastich: They certainly cause a lot of problems, yes.

Mr. Peterson: It is true, is it not, that on the Bruce-Essa line or the Bradley-Georgetown line—whatever you want to call it, wherever it goes ultimately—there was nothing proceeding on that for the year before there was an election?

Mr. Nastich: It was about a three-month period. It was in the spring of 1981.

Mr. Peterson: Under instructions from the Minister of Energy, Robert Welch at the time.

Mr. Nastich: Yes.

Mr. Peterson: His instructions were not to do anything in the corridor. Getting the stuff out had nothing to do with it; it was a straight political consideration.

Mr. Nastich: That is right. I do not know whether it was a straight political consideration. We were asked to hold it up. We were also given a process that was much better than the process we had before.

Mr. Peterson: Did he explain to you why he wanted you to hold it up? Did he explain that there was an election coming and they could lose the seat?

Mr. Nastich: They did not explain to me that an election was coming.

Mr. Peterson: Am I right in saying that you have cancelled the corridor between Ottawa and Cornwall, the interconnect?

Mr. Nastich: We have deferred it. The reason for that, Mr. Peterson—

Mr. Peterson: There is a by-election coming up in Stormont, Dundas and Glengarry.

Mr. Nastich: No. Absolutely not.

Mr. Peterson: You did not know about it at the time? It was cancelled three weeks before the by-election.

Mr. Foulds: Are the Tories in that much trouble?

Mr. Peterson: They have scratched the corridor from Ottawa to Cornwall in justification for Darlington to export the stuff, because there is a by-election in Stormont, Dundas and Glengarry and it cuts right across the united counties. Am I right?

Mr. Nastich: No. I would like to respond to that, because I have some specific knowledge.

When we had the plan stages of the hearing in eastern Ontario, we had asked for a right of way

basically between Lennox or Kingston and Ottawa and Kingston back to Cornwall. When the consolidated hearings board came out with the report, they suggested that before we come back for the route, we should work with Quebec Hydro on the interconnection between the Cornwall side of Ontario and the Quebec side. They said, "When you come back, we want you to indicate how that interconnection will work."

We did our studies with Quebec Hydro, and they recently came to us and said that because of difficulties in their transmission system, they would have to suspend joint work with us. They did not know for sure that the interconnection would be at Cornwall; it could be at Ottawa.

With that interconnection being a floating decision, because of Quebec Hydro's decision not to participate at this stage but at some later date, and since that was integral to Kingston-Cornwall, we felt we should ask for the approval of the board to say, "Since we could not do what you wanted us on the interconnection, we will just deal with the Ottawa-Kingston line." The Cornwall line may never happen if it turns out, from Quebec's point of view and our point of view, that the interconnection should be in the Ottawa area. That is really the reason.

I can assure you that at no time was I contacted by anybody in the government either orally or by writing regarding the situation there. That absolutely never entered our minds in making that recommendation.

Mr. Peterson: If there were a by-election in Lanark, would you cancel the Lennox-to-Ottawa line?

Mr. Nastich: I do not know. I do not know what you mean by that. Where is Lanark?

Mr. Peterson: Lanark—

Mr. Nastich: Is that Ottawa-Kingston?

Mr. Peterson: Did you get any political pressure to cancel the Cornwall line?

Mr. Nastich: No, sir.

Mr. Peterson: Did you hear from the minister, the Premier or anyone else?

Mr. Nastich: No, sir. Absolutely, unequivocally I did not.

Mr. Peterson: That is dissimilar to the Bruce-Essa line or the Bradley-Georgetown line situation when you did have political pressure in that regard because everybody knew there was an election coming up; so they are different.

Mr. Nastich: In one situation I received a formal letter from the minister. In the other situation there has been absolutely no contact at

all. On the Cornwall situation, I assure you that decision was reached by Hydro in conjunction with its lawyers and technical people.

Mr. Chairman: Mr. Peterson, I want to draw to your attention that you have used up 35 minutes. I would like to know how much more time you plan on using, because I want to be fair to other members who would like to speak.

Mr. Peterson: I certainly respect that, Mr. Chairman, and I obviously would like as much time as you could reasonably afford to me because I have a great number of questions. If I could have a little more time, I will try not to—

Mr. Kerrio: Mr. Chairman, on a point of order: I am sure our party is going to be prepared to share the time. The members of our caucus are fully prepared to allow our leader to take as much of the time allotment we have to put his questions.

Mr. Peterson: You will recall in the 1981 election, as part of the Board of Industrial Leadership and Development program, the chairman of Hydro, then Mr. Macaulay, appeared at Bruce with the Premier to announce this great new program—

Mr. Nastich: The Bruce Energy Centre.

Mr. Peterson: The Bruce Energy Centre and all that. Do you think that is appropriate? Do you see that as part as your role as chairman now?

Mr. Nastich: To make the announcement there?

Mr. Peterson: No; to go with the Premier in an election campaign. Would you do that and say: "This is wonderful and part of the BILD program. We are going to speed up all these programs and we are going to take over the energy centre as part of the platform of the campaign"?

Mr. Chairman: Which item are you dealing with on the agenda, Mr. Peterson? Ontario Hydro?

Mr. Peterson: This is the chairman of Hydro, Mr. Chairman, and he is here discussing Hydro's accountability and its relationship with the government, which is so fundamental.

Mr. Nastich: I do not know how to answer that question. I think it is unlikely that the Premier would ask me to accompany him on that.

Mr. Peterson: Do you think that is appropriate, though?

Mr. Nastich: I cannot really answer that. As

you know, I am in this interim position. My whole life has been spent in the professional and operating side of the corporation. That is where whatever expertise I have lies. The president would not be in that kind of position. The issue was to whether the chairman should or should not be something that would have to be decided by the chairman and the Premier of the day.

Mr. Peterson: Personally, I think you are in a very difficult position and handling the chairmanship very well as an interim appointment for six months or three months. Someone has to have a handle on that thing and have the real power. You cannot do that if you are fooling around three months at a time. I think the government has been extremely unfair to ask you to carry all the load for these terrible problems it is dealing with at the present time.

My problem is that I think a lot of the bad decisions made by Hydro have been politically involved. I guess that is my bottom line. Hydro is being used as an organ of the government when it suits its purposes. Do you believe Hydro should be an instrument of government economic policy?

Mr. Nastich: The Task Force Hydro report, which was the basis for the change in the Power Commission Act to the Power Corporation Act, which created Hydro as a crown corporation, says it should. If you remember, it said Hydro is such a large economic entity in Ontario that it should be used within the government's overall policies.

For example, the idea that was promoted at that time was that it could be used for contracyclical projects; that is, in cases where there was a recession in the province, the government should look at Hydro's development program as something that would help the economy at a time when it is out.

11:10 a.m.

In my experiences here—maybe my memory is not completely perfect—we have put up our propositions on the basis of the economics. We have had to defer to government direction on issues where the government felt very strongly.

For example, Mr. Peterson, last year you will remember we had a very long hearing on the use of seasonal rates and time-of-use rates at the Ontario Energy Board. The Ontario Energy Board asked us to put that into effect. The government felt that it was undesirable because of strong feelings in the north against that. The Premier asked us not to go ahead, and the board of Hydro agreed.

There are areas where there are government guidelines. The memorandum of understanding which we have with the government, which is defined jointly by the government and ourselves, states that when such direction is to be given it should be given in writing.

Mr. Peterson: Task Force Hydro recommended a contract, and I guess this memorandum of understanding debated on November 8, 1982, was the result.

Mr. Nastich: Not to us.

Mr. Peterson: Well, it says, "The minister is not responsible, however, for the control and direction of the business affairs of Hydro" and a bunch of other things.

Mr. Nastich: It does define the specific data that we have to give to the minister—

Mr. Peterson: To achieve your plans; you have to tell him what you are doing. Then he can tell you he does not like this, to do that, to move ahead on Darlington or to cut that power corridor as it suits the government's polling or its political purpose of the day.

The point is, if they were responsible they have to take the blame along with the credit. If they are not responsible, then they should let you run it. Is it not either one or the other?

Mr. Nastich: You are into an area, Mr. Peterson, where you are attacking the government through me.

Mr. Peterson: But you are a man whom I respect very much, and your opinion would be valuable because you have to face the daily operating pressures and all the abuse and you have to send out all these letters attacking me. I know it is not easy to carry that load; it is a tough target to hit. You need all the help you can get in that regard.

Mr. Nastich: You remind me of a story of a man who had been in the South Seas; when he came back, someone asked, "How were the natives?" He said they were hostile. The person asked why and he answered, "They fired back when fired upon."

To a large extent that is the way we in Hydro feel. We have been beset in the press and in the Legislature. We do feel that we have not had an opportunity to respond. In previous years when we had a select committee, I think you found us fairly open and direct. The corporation is interested in the debate situation. We do not have that forum now. That is a decision for the—

Mr. Peterson: We are developing a community of interest here. We are approaching this from one mind. You have just said it, and said it so well. You do not have an opportunity to respond. We do not have an opportunity to ask you to respond.

In the select committee, where we had ongoing dialogue, you were a major part of that committee. I admired very much the work that you did personally along with your colleagues and all the members from all parties who developed a special expertise. That committee worked as well as any committee has ever worked in this House, even though there were disagreements on some issues.

Would you not suggest to the government, if asked, that this kind of forum would give you the kind of opportunity you need to respond? You could have an ongoing dialogue with experts and all the people who work with you. Political concerns could be vented there, and an informed, intelligent discussion with good research and well-informed members of the Legislature would assure that the best decision would come out of that.

Mr. Chairman: We will move along now.

Mr. Peterson: Have you got a minute?

Mr. Nastich: Yes. Mr. Peterson, I agree with you that the select committee process from 1975 to 1981 was an effective process from Hydro's point of view. It did give us a chance to explain to the legislative committee what was happening. They had, as you say, a lot of expertise.

Whether or not there should be another select committee, I think depends on the government. I have given my advice to them. I will leave it there.

Mr. J. A. Reed: What is that advice?

Mr. Kerrio: Are you not going to share it with us?

Mr. Nastich: I would rather not, because it is still an open question with the government.

Mr. Chairman: Would you agree, Mr. Peterson, then we could move along?

Mr. Peterson: I would like some more time. I could use it all obviously—

Mr. Chairman: That is the problem. I want to be fair to all members of the committee.

Mr. Peterson: So do I.

Mr. Chairman: Thank you. Mr. Foulds will—

Mr. Peterson: What have you established as the agenda for the rest of the day?

Mr. Chairman: You have had three quarters

of an hour. I would like to see Mr. Foulds probably have the same amount of time, and there are five other members who would like to speak. To be fair among the members, I think, with all due respect, Mr. Foulds should have some time. If they want to come back to you instead of some of the other members, that is fine.

Mr. Peterson: Are you dividing up on the basis of parties, or members, or what?

Mr. Chairman: No, not really. Your party has two other members who would like to speak. Also, there is one from the NDP and one from the Conservatives. If your party has more names down here of members who want to speak—

Mr. Peterson: I want to be fair, Mr. Chairman, but—

Mr. Chairman: Is it all right if Mr. Foulds—

Mr. Peterson: I would very much appreciate if I could have the floor back after a little while.

Mr. Chairman: Agreed. Mr. Niitenberg?

Mr. Niitenberg: I would like to make one comment on a technical item which Mr. Peterson raised. This is in connection with our fossil-fired stations. I would not like to comment that these are a piece of cake with no problems or safety concerns. I am speaking from personal experience, having been in charge of the Pickering operation and having actually run power stations. When you have about three million pounds of steam whistling around for hours through pipes at 1,000 degrees and 2,350 pounds per square inch, it is a struggle and presents certain risks.

We ran, and we are still running, a world-class thermal operation that is comparable to anything in the United States. Performance has been excellent in thermal in the last few years. Yet the safety record is poorer than on the nuclear site. Availability is poorer than on the nuclear site. Downtime is greater than on a nuclear site. Costs are higher than on a nuclear site.

In that type of situation, we are also struggling and having some accomplishment in that area, but it has not measured up to the nuclear performance.

Mr. Peterson: I would just like to respond to that. I understand what you are saying, but you saw the increasing assault on the premise you have that nuclear power is cheaper; it was in the Globe and Mail this morning. There is another study from Cambridge Energy Research Asso-

ciates. History will tell whether you are right or wrong.

If you are going to ride that pony—which you are riding very hard right now—about nuclear power being cheaper over the long run, it may turn out that are making another monumental decision. It is my strong suggestion to you that you seriously review some of the premises that you are working on, particularly because of the new capital demands for new safety systems—double and triple safety systems—and all the pressures and regulatory pressures you are under. You may turn out to be very wrong on this.

Mr. Niitenberg: Mr. Peterson, these items are under continuous review. They have been reviewed in terms of technical items, cost items and finance.

Mr. Peterson: You are the one who is riding that pony. You are the one who is trying to justify Darlington and all these huge debts on that basis. You are the one taking that argument to the people of this province. I am worried that you are going to be wrong. I am worried that you have made that decision on your own with no accountability, with no justification and with no scrutiny.

We have never had a chance to debate those things. That should be in front of a select committee, because you may be wrong. I want you to understand where I am coming from.

Hon. Mr. Andrewes: Mr. Chairman, I think the record should be corrected on that. Those basic fundamental decisions that you are talking about were all made at a time when there was a royal commission and a select committee reviewing these processes.

Mr. Foulds: They were made before that.

Hon. Mr. Andrewes: There have not been significant plant undertakings since that time. In fact, the transmission line discussion was confirmed by that royal commission.

Mr. J. A. Reed: Mr. Chairman, on a point of order: Just to correct the record and to correct Mr. Andrewes, who is newer to the Legislature, I should point out to him that Mr. Foulds is quite right, many of these decisions were made prior to the establishment of the select committee. The decisions to make a heavy nuclear commitment were made prior to the establishment of the select committee.

In addition, the decisions very often were not even made in terms of economics. I refer this committee to Ontario Hydro internal report 600SP, which established that at least 10 hydrau-

lic sites should have been completed before Darlington, if you are going to take it on an economic base.

I would like the new minister, who is perhaps suffering from a little lack of experience, to understand the way the events did unfold.

11:20 a.m.

Hon. Mr. Andrewes: My point is that this discussion was held, a very lengthy discussion, in terms of those decisions. Those decisions, as Mr. Niitenberg has said, are continually reviewed.

Mr. Peterson: In secret, perhaps by you, perhaps by them, perhaps in concert.

Mr. Chairman: Order.

Mr. Peterson: You have been wrong too many times to give us any confidence.

Mr. Foulds: I wonder if I might proceed. Could I first ask the minister a question? We have had a very strong hint this morning from the president and chairman of Ontario Hydro that he favours the re-establishment of a select committee on Hydro affairs; there has been a very strong hint to that effect.

We have the Minister of Energy on record last year as saying he was in favour of a standing committee on energy, to have a permanent body to review Ontario Hydro. We certainly have had the expression that if such a committee were established, Hydro would have at least a forum to present its case and the Legislature would have a forum to examine Hydro.

What the hell is the holdup? Why is the government not announcing the establishment of a select committee or a standing committee on energy to examine the affairs of Ontario Hydro and other matters?

Hon. Mr. Andrewes: As I have answered in the Legislature in response to either your leader's questions or Mr. Peterson's, the holdup at the present time is on the necessity to have complete information on the matters relating to the Pickering unit 2.

Mr. Foulds: How are we going to get that complete information unless we have a committee of this Legislature to examine it thoroughly? We cannot do it in a mere three hours in these estimates.

Hon. Mr. Andrewes: A committee of this Legislature does not have the regulatory role in dealing with the necessity to take certain actions relating to that reactor, and relating to all the reactors that operate at Ontario Hydro.

Mr. Foulds: We are not asking for a regulatory role. We are asking for a role to examine

the situation, economic, safety and otherwise. That is a role that I think is legitimate for a legislative body. We have had indications from people involved, both in the past and at the present, that that would be a useful thing. Yet the government has failed to act. Why?

Hon. Mr. Andrewes: I have said that when that regulatory body has reached its decision with respect to unit 2, we are prepared to give further consideration to something like—

Mr. Foulds: Why does the regulatory body have to make its decision about the safety factors before the Legislature can examine the economic and safety factors surrounding those plants and the Hydro mix and the relationship of Hydro to government? As you will recall, that was exactly the subject that was terminated by the sunseting of the Hydro select committee.

Hon. Mr. Andrewes: It is very important that a select committee, or whatever kind of forum is constituted, not interfere in the regulatory process of the Atomic Energy Control Board.

Mr. Foulds: Can you explain to me how the establishment of a select committee would interfere with the regulatory authority of the Atomic Energy Control Board? The previous select committee had that body before it and its regulatory authority continued for the five or six years without interference by that select committee? Can you explain that to me?

Hon. Mr. Andrewes: The only explanation I can give to you is that they do have that authority. I think it is only fair. We are talking about select committees. We are talking about what the mandate of that committee would be. You have not described for me where the discussions would range and if those discussions—

Mr. Foulds: The government can establish very tightly the terms of reference of whatever committee it establishes because it has the majority.

Mr. Chairman: Let the minister answer the question.

Hon. Mr. Andrewes: Just let me finish. I think we want to be very cautious that we do not interfere in that process.

Mr. Foulds: What process?

Hon. Mr. Andrewes: I have said it. I have said quite openly that once that process is resolved, once the problems are resolved and the information is obtained from AECL and the direction is given from the board on the Pickering unit 2 reactor—

Mr. Foulds: AECB.

Hon. Mr. Andrewes: The AECL at Chalk River is doing the analytical work. Once that information and some determinations are made as a result of that information, we are prepared to give that consideration.

Clearly, I do not want to see any public review, be it a select committee or some other body, interfering in that process at this time.

Mr. Foulds: First, you have not answered my question about how a select committee could possibly interfere with that process. Second, do you not think the public has a right to know and that the information that comes forward from the examination by the regulatory agency should be made fully public?

The record of the regulatory agency, AECL, the AECB and Ontario Hydro in terms of openness, has not been very good until very recently. It would seem to me that the process in which you are afraid of interfering is the process of secrecy.

Hon. Mr. Andrewes: Not at all.

Mr. Foulds: Then why does not the government—

Hon. Mr. Andrewes: It is a process by which a federally constituted control board has a constitutional right that would override any activities of these committees or whatever you are proposing. It is something we want to respect, and we want to be very careful.

If you can tell me exactly what the parameters of a select committee would be, that it will not get into these kinds of things, I think you are—

Mr. Foulds: What you want is a showpiece. What you want is a toothless tiger. You want the limit.

Mr. J. A. Reed: How about ordering up the Petrosar contract?

Hon. Mr. Andrewes: If it is going to be a select committee, I want it to function and deal with the issues to which we have alluded this morning or other issues that might come before it. I do not want to have to argue, or have other people argue, that the committee is dealing in an area over which it does not have jurisdiction. That is why I want this issue resolved first.

Mr. Foulds: What issue?

Hon. Mr. Andrewes: The Pickering unit 2.

Mr. Harris: Mr. Foulds, you can ask the same question 50 times and get the same answer 50 times. We have all these officials here from Hydro and I think—

Mr. Chairman: Right, I think with all due respect, Mr. Foulds—

Mr. Foulds: Excuse me for a minute. We are discussing a matter of policy between Hydro and the minister and we are trying to establish the relationship. Surely it is legitimate to question the minister when Mr. Nastich indicated, quite rightly, in response to a number of Mr. Peterson's questions, that he did not have the authority to make certain decisions, that it was the government's responsibility to make those decisions. If it makes you happy, I will switch questions.

Mr. Harris: I do not care how you use your 45 minutes, as long as you do not try to say it starts right now.

Mr. Foulds: I think Mr. Nastich is happy I have not asked him any questions so far. How does it feel to be both president and chairman of Ontario Hydro? Do you think it is a good idea to have one person doing both those jobs?

Mr. Nastich: No, I do not. I have had some seven months' experience doing both jobs and I have found it is too heavy a work load for one person. There are enough problems just operating the corporation and dealing with the technical, managerial and economic problems.

It also requires a different type of person for chairman than for president. It is quite clear to me that Hydro is such a large economic entity in the province that it has an effect on public policy. The chairman of Hydro should be in a position to deal with public policy issues, with the government, with external bodies, almost full time.

Mr. Peterson: Have you ever sold used cars before?

Mr. Foulds: I always found when I was on the select committee that Hydro was, in fact, very forthcoming with information; sometimes too forthcoming. They would swamp you with facts and not tell you the truth. They would swamp you with information that always took you weeks to wade through.

However, I started to say that if the Smokey-the-Bear image of the Minister of Natural Resources (Mr. Pope) has been tarnished considerably, I would think that Hydro's things-go-better-electrically image has been tarnished considerably, in the last two years, in particular.

I would think the series of accidents over the summer has demoralized Hydro itself and somewhat shattered the public's perception—and the government's argument—that Hydro was a

perfect—or if not perfect an excellently managed—corporation.

Mr. Nastich: First, there were no accidents.
11:30 a.m.

Mr. Foulds: Incidents. Maybe I should use the word "incidents."

Mr. Nastich: That is right. The one serious incident we had was the rupture in pressure tube D-16 at unit 2. All the other incidents have been ones which we have had in the past and which we will have in the future.

Regarding the image of Hydro, certainly there has been a lot of criticism in the Legislature and in the various media about Hydro. We do not accept those as being based completely on the total situation. We are still considered by international standards to be one of the great utilities in the world. I do not take any particular personal credit for that; that was happening before I was in this job and will continue afterwards.

However, I find it quite disturbing at times to see some of the criticisms made of Hydro which are based perhaps on truth but not the whole truth. That is one of the problems we have when we deal with the select committee; I do not think anybody in the debate tells untruths but everybody selects the truths that they think are most important.

Mr. Peterson: Do you do that?

Mr. Nastich: We are, to some extent, forced into that. When you are in a situation where somebody is beating you over the head, you do not go and look for a club to help him. That is why I suggested a bit earlier that the select committee process gave enough time to debate issues without enough time to build a base of respect and understanding. That was in the past.

The management of Hydro is very professional. If you really get beneath the headlines you will find that the decisions we made in the last 10 years have been correct, have been incorrect and have been partially correct. In the utility business in North America and Canada, we rank very high by comparative standards.

We are talking, for example, about debt. We say that Hydro has a \$16-billion debt. British Columbia Hydro, which is one third of our size, has a \$7-billion debt. Quebec Hydro, which is about our size, has a \$16-billion debt. If Ontario Hydro's debt is completely ridiculous, then so is Quebec Hydro's and so is BC Hydro's, and likely so is Manitoba Hydro's debt.

Mr. Peterson: Are they still building?

Mr. Nastich: Yes.

Mr. Foulds: But they all have lower rates, do they not?

Mr. Nastich: They are very close. We are within \$1 to \$2 per month on the rates between British Columbia and—

Mr. Foulds: But ours will escalate in comparison because of nuclear being more expensive—

Mr. Nastich: The last four years of Hydro rates have been lower than the composite rate increases in all of Canada. That is based on the Canadian Electrical—

Mr. Foulds: That is including Prince Edward Island, that is composite.

Mr. Nastich: That is everybody, that is right.

Mr. Foulds: And the Yukon and the Northwest Territories, which I would think—

Mr. Nastich: In terms of the image of Hydro you mentioned, I think we are much like any other institution where we have strengths and we have weaknesses. We have done some things well and we have done some other things not so well. However, to measure us on the basis of other utilities in Canada and the United States, then I think we can hold up our head as being in the forefront of the best.

Mr. Foulds: Can I talk for a few minutes specifically about Pickering? How long do you expect Pickering unit 2 to be down?

Mr. Nastich: I would like to ask Mr. Jackson to answer that.

Mr. Jackson: At the present time we do not have a schedule in terms of when it will come back. We are going to spend the month of November inspecting a number of channels; we would hope to inspect about one a day. It will depend upon the findings and the analytical work that is going on. That will determine when the unit will be brought back into service. It will not be before the first of the year.

Mr. Foulds: If you are inspecting one channel a day, how many channels are there?

Mr. Jackson: There are 390, but we do not intend to inspect all of the 390.

Mr. Foulds: When will you be satisfied that you have inspected enough of the channels to safely put the unit back in service, or to economically put the unit back in service?

Mr. Jackson: I think the earliest time we would have inspected enough would be the end of November.

Mr. Foulds: By that time you would have inspected 90 channels?

Mr. Jackson: No, about 30 to 40.

Mr. Foulds: And that, you think, will give you enough of a cross-section to proceed?

Mr. Jackson: It will give us enough of a cross-section to proceed in terms of whether we have other activities to perform, or whether we have enough information to convince ourselves and the Atomic Energy Control Board that we should put the unit back into service.

Mr. Foulds: That is unit 2 you are talking about?

Mr. Jackson: That is unit 2.

Mr. Foulds: And unit 1 is going to be down for how long?

Mr. Jackson: It is going to be down for roughly a month, from November 11 to December 11.

Mr. Foulds: I wonder if I could get back to Mr. Nastich for a minute. I am not sure that I heard this figure correctly in the blizzard of statements and counterstatements made during the series of incidents surrounding Pickering and the other normal shutdowns and outages. At one point I think you used the figure of something like 60 cents a month for 10 years that it would cost the average consumer if you were going to retube all the nuclear plants. Did I understand that correctly?

Mr. Nastich: No, that was based on retubing three units at Bruce and four at Pickering.

Mr. Foulds: Okay, and that was the figure that you used? Was I right in saying 60 cents?

Mr. Nastich: That is the figure that our fellows calculated for me.

Mr. Foulds: What does the total come to? Did they calculate that for you?

Mr. Nastich: I do not have it here. Mr. Burdette is our vice-president of finance, maybe he—

Mr. Burdette: I do not have that total dollar figure here.

Mr. Foulds: It seems very strange to me. If they went to all the trouble of making a calculation that made it look small, like 60 cents per month per consumer for the next 10 years, they would have to be working from an overall figure data basis. I find it very strange that you do not have it here.

Mr. Nastich: I do not have that figure but I think we have been asked to provide bases for those figures to Mr. Peterson and I think we will be. I just do not have them.

Mr. Foulds: What is the definition of consumer? Was that a residential consumer, a

commercial consumer or an industrial consumer? I find the image very strange because there is a big difference between my Hydro bill in Thunder Bay and Great Lakes Power and Paper's Hydro bill, and we are both consumers.

Mr. Nastich: I do not have that with me.

Mr. Peterson: Could we be constructive here? Mr. Mosey was quoted as saying \$250 million per reactor; you were quoted as saying \$200 million for all reactors. What are the facts, what is the cost of retubing a reactor?

Mr. Campbell: We do not know precisely.

Mr. Peterson: Then how the hell can you say 60 cents a month?

Mr. Campbell: Let me finish, please. We do not know precisely what the cost is to retube a reactor. Our best estimate at this time, and it is rough, is that in 1983 dollars all four reactors at Pickering could be retubed at a cost of about \$300 million.

Mr. Foulds: Which is half the cost of the original cost of the plant?

Mr. Campbell: Somewhat less than half the cost of the original plant.

Mr. Foulds: Not much. The original cost was \$750 million.

Mr. Campbell: The original cost of the plant was about \$750 million.

Mr. Nastich: Different dollars, Mr. Foulds.

Mr. Foulds: Different dollars and the price has escalated a lot.

Mr. Peterson: That is \$75 million apiece.

Mr. Campbell: That is our best guess at this point. The reason we are uncertain is that we need to develop the tools, which we are working at now, we need to perfect the methods, and so on, before we can really get a very good and precise estimate.

Mr. Peterson: This is the third or fourth different figure we have heard on the subject. Does that include alternative fuel on the downtime?

Mr. Campbell: That does not include alternative fuels.

Mr. Peterson: So what is the total cost? Are you adding interest in the downtime of the machines, reactors and alternative fuels; what is your total cost?

Mr. Campbell: I do not have that total cost.

Mr. Nastich: I would like to make one point on that estimate. We have two competing pressures. One is a pressure to find out as soon

as possible what it is to cost, and the other pressure is to get our engineering people to make the estimates on which we can hang our hats.

In response to the first pressure, we ask our engineers when they think it is going to be, recognizing it is apt to be either way. As soon as we do that, from then on every other estimate we give is measured to say, "You do not know what you are doing."

We can wait until we get that data that Mr. Campbell mentioned, which will take several weeks or a month. Even then, we may be unsure. What I am facing here is the need to give some idea, some ball-park idea, of what it will cost to do that, recognizing it is not an accurate figure. From then on in, we are going to be hung with all the estimates.

11:40 a.m.

Mr. Foulds: Could I just continue for a minute, David, and then get a supplementary, if you do not mind? Am I correct in understanding that one of the reasons they have difficulty estimating the cost with any kind of accuracy is that you do not have the tools with which to do the job? You have to develop the tools?

Mr. Campbell: The tools that involve remote work are in the process of being developed.

Mr. Foulds: Scientifically.

Mr. Campbell: The concept and design is under way and then, of course, we will have to build the tools after that. The answer to your question is yes; we do not have the tools.

Mr. Foulds: The reason you do not have those tools is that you did not expect the tubes to give way so early.

Mr. Campbell: Let me clarify that. Some time ago, and we have always felt we had to change the tubes in the reactor at some point in time, we were not sure when this would occur. We started a program for the development of these tools. At that time we were more concerned with the stresses that were locked up as a result of the rolling which caused the leakage in the earlier tubes that we removed from reactor 3 at Pickering.

We were also concerned with the fact that the tubes were growing. We do not have enough room for the expansion of these tubes, so we devised a method which would allow us extra expansion. Based upon that work, we came to the conclusion that we could put off the major retubing for some years. Thus we slowed down in the process for development of the tools for

taking out a large number of channels in the pressure tubes.

Mr. Foulds: In retrospect, would that be one of the decisions that you would say was a bad decision?

Mr. Campbell: You could argue that in retrospect that was not a wise decision. On the other hand, we were thinking in terms of the expansion of the tubes, we were not thinking about a rupturing tube.

Mr. Peterson: Somebody wants to know the cost of this and I refer you to report 80019, dated January 1980, entitled Large-Scale Fuel Channel Replacement Study. It says, "The scheduling and cost estimate had been presented previously in internal Ontario Hydro documents and will not be discussed in this report." In other words, you are on top of that information presumably at this moment.

Mr. Campbell: We have an estimate.

Mr. Peterson: But you will not tell us.

Mr. Campbell: I just finished telling you that the cost for taking the tubes out and putting new tubes in, the best estimate at this point in time, is about \$325 million, in 1983 dollars, for four reactors. I am answering your question.

Mr. Nastich: That estimate was given, I recollect, at a press conference that I held with Mr. Morison, as our best estimate.

You are right. We did look at this before as a possibility, as Mr. Campbell stated, and decided that it was more important to work on the refab, which was to deal with the longitudinal stretching of the tubes as opposed to the replacement. I was given authority by the board at the last meeting to start detailed design work and costs on the large-scale fuel channel replacement and I have not seen those numbers yet, Mr. Peterson, so I am working from the rough numbers that Mr. Campbell has. I assure you I do not have the details now.

Mr. Campbell: When we deferred or slowed down development of these tools, we lost about a year.

Mr. Niitenberg: Just as a clarification, the tube replacement has always been in the corporate plans.

Mr. Foulds: For what year?

Mr. Niitenberg: It was in the late 1980s, early 1990s. It has been reviewed and rescheduled. The significance of that is that the replacement fuel has been in the projections. If the tubing is done at some other time, that replacement fuel question then moves up to an earlier period. But

the replacement fuel question, while these reactors are down for retubing, does not come as a surprise. It is in the plans.

Mr. Foulds: Have you given any thought to the number of men, the work force that will be involved in the retubing, and how long you can actually use a person without exposing him beyond the level of the rem radiation?

Mr. Campbell: We have some approximate figures, yes.

Mr. Foulds: Could you give those to us please?

Mr. Campbell: We will ask Mr. Morison, he is more up to date.

Hon. Mr. Andrewes: Could I interject here for a second? That is a question that Mr. Peterson posed to me, which I took as notice and I plan to table that answer today. It is a very detailed answer. I would be prepared to table it today.

Mr. Peterson: Do you feel like doing it right now?

Hon. Mr. Andrewes: I do not have it with me.

Mr. Chairman: Would you accept that, Mr. Foulds?

Mr. Foulds: If we get some ball-park figure.

Mr. Chairman: Mr. Morison, would you come up to one of the mikes, please? Would you introduce yourself and your position please?

Mr. Morison: Bill Morison, director of design and development.

We have examined the time it would take to retube a reactor with the tools that have been spoken about, which are in the process of being developed. Assuming we have those tools, we estimate about 15 months to retube a reactor.

Mr. Foulds: Fifteen months.

Mr. Morison: Fifteen months, a little over a year to retube the reactor, including all the shutdown and all the installation and commissioning exercises before we are back in service. The limit on any worker in Canada in a nuclear field is five man-rem per year. We estimate that the level of exposure which the workers would be in may be such that we would expose 200 to 400 workers over a period of 15 months. They would have an accumulated total dose in the range of 1,000 man-rem to 2,000 man-rem. We are doing our best to reduce that. We expect to decontaminate the reactor to a lower level and get below that number, but our present estimates are in that range.

Mr. Foulds: Each worker would have an accumulated—

Mr. Morison: No, each worker has a maximum per year of five man-rem. So if it was 15 months, he could accumulate a little more than five man-rem.

Mr. Peterson: Two thousand, three hundred and sixty one man-rem divided by five is about 430 or 440 people to do that, according to the study that we have in front of us.

Mr. Morison: Studies have gone on in this area for a number of years. The estimates do change with the development of technology. You should expect to see some of the old reports having different numbers than I am quoting today. All I am giving you is our current estimate. We had targets at one time of 500 man-rem for the designers to shoot at for a reactor. I think that is a good target. I personally believe that we may get down to that level once we get all the tools ready to go and have experience with one reactor.

Mr. Peterson: You are saying 200 to 400 per reactor?

Mr. Morison: Two hundred to 400 people over a 15-month period to do a reactor.

Mr. Peterson: So times four reactors is?

Mr. Morison: They would be done in sequence, presumably, and the same people could be used over a period of three or four years.

Mr. Foulds: If you have that long; I mean if you do not run into some real problems. Can I get back to the tools for a minute: I heard somewhere that one of the things being looked at was something like the space arm development.

Mr. Morison: Yes, one way to reduce exposure to the workers is to have a remote handling capability. We have had a contract with the same company that did the space arm for some time to develop remote handling capability to remove the radioactive components without having people in the vicinity.

Mr. Foulds: Is one of the difficulties that it now operates in a weighted environment as opposed to an unweighted environment?

Mr. Morison: That would be a difference between the space arm and, of course, what we need. We need a more industrial, heavier type of facility.

Mr. Foulds: Yes. How far along is that in development?

Mr. Morison: The concept work has all been done and we are in the final stages of the

engineering of the equipment, both the tools to remove, the remote handling capability and the tools to replace. All the initial conceptual work has been completed.

Mr. Foulds: You mean the drawings have been done.

Mr. Morison: We are at the detailed design stage.

Mr. Foulds: The details of the drawings?

Mr. Morison: Yes, that is correct.

Mr. Foulds: You have not actually put any metal pieces together in construction?

Mr. Morison: We have done some prototype work, no doubt about that, in the concept stage. To get the equipment which we would put in a vault we have to do some detailed design yet—

Mr. Foulds: I understand.

Mr. Morison: —and manufacturing, and then testing on a rehearsal facility. We are at the stage of placing contracts for equipment. That would be the detailed shop design.

11:50 a.m.

Mr. Foulds: What kind of time frame? When would you consider to be the earliest you could have that equipment available?

Mr. Morison: We think that the time to go through the steps I mentioned—placing the contract, having the contract completed for supply and then testing the equipment on a rehearsal facility, training people—will take about two years.

Mr. Foulds: And you are hoping to have Pickering 2, which is shut down, on line by the end of November, did you say?

Mr. Morison: No.

Mr. Foulds: Are you telling me that Pickering 2 will not be on line for over a year?

Mr. Morison: We would expect to start up those reactors and run them until we wish to retube them. That is the plan we are on.

Mr. Foulds: Okay. Have you made a decision about Pickering 2—I guess you have not—about whether or not you need to retube that?

Mr. Morison: It is under consideration at the present time, whether we would retube, if and when.

Mr. Campbell: I think we should be very clear on that point. We have not made a decision to retube any reactor. We have made the decision to develop the tools. It will be a separate decision, when and if we retube a complete reactor.

Mr. Foulds: So you might start Pickering 2, then close it down later on and retube it?

Mr. Campbell: That is possible.

Mr. Foulds: That is possible. Is it likely?

Mr. Campbell: I do not know at this point.

Mr. Morison: I think that is a logical plan, to start it up and run it.

Mr. Foulds: At what capacity?

Mr. Morison: At full power, until we wish to retube it; and I think we would be ready, as I mentioned, to retube in two years' time.

Mr. Foulds: What was the original plan? To have that done some time in the late 1980s?

Mr. Morison: Before 1982, when our decision was made, we had planned to be able to retube in 1985.

Mr. Foulds: So the problem is hitting you about four or five years earlier than you thought it would.

Mr. Morison: We had planned to do that. In 1982 a board decision at Hydro was made to defer the final preparations, the ordering of these tools, so we have been put back about one year.

Mr. Foulds: So that is another one of those bad decisions, in retrospect, that was made.

Mr. Morison: I do not think the decision could be classified as that, in my view. We should be prepared—

Mr. Foulds: The decision?

Mr. Morison: —to have those tools ready when we need them. We do not need them today.

Mr. Foulds: But Pickering 2 is down.

Mr. Morison: We do not need them to retube Pickering today.

Mr. Foulds: You do not know whether you need to retube Pickering 2 or not. You just told me you have not made a final decision on that pending a report from the Atomic Energy of Canada Ltd.; are you not jumping to conclusions?

Mr. Morison: I am saying we are expecting to start up Pickering 2 again and run it for some time.

Mr. Foulds: Without retubing?

Mr. Campbell: There is a point I think perhaps should be clarified here. We have the ability to take out single tubes and a number of tubes. We can do this any time. In fact, we are doing that now. This other thing we are talking

about is a large-scale replacement of tubes. In other words, they can take all the tubes out.

Mr. Foulds: Okay.

Mr. Kerrio: May I ask a supplementary on that?

Mr. Foulds: I would like to move on. I do not have a lot of time left, but I would like to go on to a couple of other topics.

Mr. Kerrio: A very quick question. Is there an added dimension or problem when you replace a tube while you have some that have some hydriding? Would another tube have a different coefficient of expansion if you put it into the old reactor? Is there an additional problem there, a different coefficient that would set up other stresses that do not exist now?

Mr. Morison: No, we do not visualize any problems of that nature.

Mr. Kerrio: You do not visualize any problems.

Mr. Morison: I think we have replaced tubes already.

Mr. Foulds: I could be wrong, having to go by memory, but when I was a member of the Hydro select committee it was my understanding, perhaps mistakenly, that the expected lifespan of the nuclear reactor was somewhere between 30 and 40 years. Was I right in that assumption?

Mr. Morison: We had 30 years, I believe.

Mr. Foulds: Okay. Can you tell me what the scientific basis, the engineering basis of that life expectancy was?

Mr. Morison: We examined the components, the deterioration in the components, the boilers, the fuel handling systems and the reactor itself, and so on, and determined from tests how long we would expect those components to withstand the operating conditions. On the basis of that, we set 30 years. We also said at that time that we expected to have to retube the reactors in that period. I think at that select committee we said that 15 years was a projection of the designers back in the 1960s. Probably 15 years of life would be a time to retube the reactors. I believe that was mentioned.

Mr. Foulds: And what is happening—the Pickering tubes have been operating how long, 11 years?

Mr. Morison: Twelve years.

Mr. Foulds: Twelve years; so you are out three years.

Mr. Morison: The judgement may be out and it may not be. It may still run a number of years.

Mr. Foulds: You are hoping to be able to push it to the 15 without having to retube it?

Mr. Morison: Yes, I think that is right.

Mr. Foulds: Would my words "pushing it to the 15" be fair or unfair?

Mr. Morison: I think it would be better to say "operate."

Mr. Foulds: I know you think it would be better to say "operate." I think "pushing it" is a slightly better phrase.

Mr. Campbell: I would like to comment on that. We have a responsibility to run those reactors safely.

Mr. Foulds: Right.

Mr. Campbell: When the reactors run, they will run because they will run safely. We will not be putting reactors in that we believe to be unsafe.

Mr. Foulds: Will you be running them economically? Or will you just be running them to run them?

Mr. Campbell: We run them because they are safe to operate, and in doing so it will be economical to run them.

Mr. Nastich: Remember we have to also present whatever data we have to the Atomic Energy Control Board, whose prime interest is safety. I said this before, from a corporate point of view we are going to run those reactors safely.

We believe running them safely and economically is the way it is going to be, but safety is the first consideration, on the corporate side, the engineering side and the operating side. There is no motive or benefit to us in running these units unsafely. It is just not within our terms of reference.

Mr. Foulds: Can you give us a commitment that before you start Pickering 2 you will fully brief the minister so he understands all the intricacies of why you had started it up without retubing? Then he can explain that in layman's language in the Legislature, so members of the Legislature and the public can understand it. Can you give us that commitment?

Mr. Nastich: I can commit to giving all the information we have available to us, not only to the minister but publicly too.

Mr. Foulds: Can we have a commitment that we would have an opportunity, if there were areas of confusion and doubt, to question the experts available from Hydro? Can we have that commitment from the minister?

Hon. Mr. Andrewes: Absolutely. No problem with that. I do not think you can ask Mr. Nastich to commit himself to my using layman's language. That might be a little more than he could—

Mr. Foulds: I would have thought that was your strength rather than your weakness.

Hon. Mr. Andrewes: Thank you very much, Mr. Foulds.

Mr. Foulds: I really believe that, I am not being sarcastic. I think the translation of the highly technical information into layman's language so that people understand it is difficult sometimes.

What I appear to have got as a commitment today is that before Pickering 2 starts up there will be an opportunity to examine, in a forum like this, the experts from Hydro about the reasons for its opening. Is that correct?

Hon. Mr. Andrewes: I think it is a reasonable request.

Mr. Foulds: And we can do that either in one of the committees or something like that—yes, it would have to be in one of the committees of the House.

Hon. Mr. Andrewes: It would be up to the committee. I have no particular problem with that.

Mr. Campbell: Let me point out in this regard, Mr. Foulds, the ultimate responsibility for running those reactors rests with Ontario Hydro. We must convince ourselves that it is safe to run a reactor before we put it back into service. Having done that, we then must convince the Atomic Energy Control Board. But the ultimate responsibility still rests with the person who has the reactor, who owns the reactor and is authorized to run it.

Mr. Foulds: Yes. I have one last question on the tubing business. If you are running into the phenomenon of having to retube in 11 or 12 years rather than at your 15, you are, in fact, going to have to retube the reactors three times rather than twice, or twice rather than once. That being the case, and the cost that we have in ball-park figures being roughly half the cost of the original plant, does that not say something about the ultimate cost of nuclear power over the 30-year life of the plant?

Mr. Morison: I think the likelihood of having to retube every 10 years is very small.

Mr. Foulds: We did not think it was going to be likely in the first 10 years.

Mr. Morison: This is the way science and engineering are. You find out what your problems are and correct them. We intend to do that.

12 noon

Mr. Foulds: How do you know you are going to be able to correct them? How do you know you are going to find another alloy or a different form of the alloy that does not have the technical difficulties the present one has?

Mr. Morison: One cannot be positive about anything in the future, but we think there are certainly answers to the problems that we have experienced to date.

Mr. Cooke: What would that do on the economic viability of nuclear if in fact you have to retube in 11 or 12 years, which would mean three retubings in the life of one of the reactors?

Mr. Morison: I think others could answer better than I, but the difference between retubing three times and retubing twice would decrease the advantage of nuclear power over, say, a fossil plant, but certainly would not wipe it out by any means.

Mr. Foulds: It would decrease the advantage?

Mr. Morison: It would decrease it some.

Mr. Nastich: In very general terms, we have targeted our nuclear reactors to run at an 80 per cent capacity factor throughout their lives; that is, they would be on line working 80 per cent of the time and down 20 per cent of the time.

I have forgotten the operating situation, but the economics are that the nuclear plants could run at a 40 per cent capacity factor and still be economic relative to coal-fired plants. We have had an over 80 per cent capacity factor over the lifetime.

Mr. Foulds: I have only five minutes. I just want to follow up on that. I have something before me which is called Table V, Generating Station Costs, Summary of Projected Total Unit Energy Costs. In it, for 1988, for example, it has a figure that the unit cost operating at 80 per cent for Darlington is something like 73, whereas the unit cost for Lambton is something like 34. I know that at year 1994 on my table there is a crossover where Lambton is up to 51 and Darlington is down to 52. Was retubing calculated when you did those figures?

I would like to ask you a couple of questions. What were the assumptions you made about interest rates? What were the assumptions you made about the increasing cost of coal? What were the assumptions you made about the cost

of uranium? What assumptions did you make about whether or not you needed to rebuild, retube or redesign the nuclear reactors?

Mr. Niitenberg: The answer is yes, we looked at a wide range of variables, both in terms of interest rates and capital cost. As far as the specific question about Darlington is concerned, the retubing considerations are in there, but they are past the year 2000. We are not about to be in a position to speculate, as Mr. Morison said, on what type of materials these would be and when it would be retubed.

The point I would like to make is that the numbers you have quoted are quite correct. Every nuclear plant that comes on, will in the early stages, have a higher cost than any of the existing fossil plants. But taken over the lifetime of the unit, as Mr. Nastich has stated, the nuclear has considerable cost advantage. These plants are in there for the long haul. They are not in there for 1992 specifically; which, by the way, is the worst year for Darlington as far as the cost is concerned, the cost is reducing after that.

The Lambton cost does not include the cost of retrofitting that plant to make it environmentally acceptable to be run in the 1990s.

Mr. Foulds: First, what has been the cost to the corporation and to the electrical users of Ontario of your mothballing of all of the thermal units? You have had to mothball those, close them down, before they have had their full life. Who do you charge that against? Do you charge that against the coal division and count that into the cost of coal, or do you charge it against the nuclear division because you have to shut down the coal division because you have overbuilt the nuclear division? I think it should be a cost against nuclear, since because you brought nuclear on stream you have had to shut down these plants that you have already paid for.

Mr. Niitenberg: I think the savings are for the whole corporation to share. When we are talking about mothballing, we have taken J. Clark Keith out of service.

Mr. Foulds: How much did it cost?

Mr. Niitenberg: How much did the plant cost?

Mr. Foulds: How much does it cost to take it out of service when you can still operate it? Do you do that kind of calculation?

Mr. Niitenberg: Let us put it in the context of why would one want to operate it.

Mr. Cooke: Why did you put \$27 million into it to refurbish it?

Mr. Niitenberg: Let us make that refurbishing point. It was refurbished to improve environmental performance.

Mr. Cooke: After it had already been mothballed once.

Mr. Niitenberg: No. For your information, it was taken out, refurbished and put back in service. It was refurbished in that time period. It is in mothballs now because the cost of production from that unit is very high.

If you are interested, I will give you an explanation on this. The J. Clark Keith plant is a 1940 vintage design. It converts coal to electricity with an efficiency of about 26 per cent. A newer coal-fired plant, Lambton, just a little bit up the river from there, converts the same type of coal to the same type of electricity, at around 36 per cent.

That is a technological and an economical improvement. Sometimes we lose the point that industry tries to modernize and it is viewed as positive; when we try to replace old plants which can produce electricity but at a higher cost it is viewed as negative. J. Clark Keith is economically obsolete.

Mr. Cooke: Why did you mothball it in 1976, then refurbish it and then mothball it?

Mr. Haggerty: Mr. Chairman, may I have a supplementary.

Mr. Foulds: I want to give other members an opportunity. I would like to see if I understand you correctly. You indicated that—

Mr. Haggerty: A point of order, Mr. Chairman.

Mr. Chairman: A point of order, Mr. Foulds. Mr. Haggerty has a supplementary to your previous question.

Mr. Haggerty: I just wanted a supplementary question on your question to the Hydro panel here with regard to—

Mr. Foulds: I wonder if I could just make one point and then Mr. Haggerty could have his supplementary or whoever is next on the list could go ahead.

Did I understand you correctly that you had indicated in the unit cost of production of electricity on Darlington that you had calculated into that unit cost the cost of retubing?

Mr. Niitenberg: In the time frame you are talking about the answer is no. We do not expect to retube Darlington in 1992 or 1995. Our long-term cost projections do not go past another century.

Mr. Foulds: Okay.

Mr. Niitenberg: But we would expect to retube it. In the overall economics it is considered. I could not tell you when or with what material.

Mr. Foulds: Could you not tell me how in the overall economics you consider the cost of retubing in the unit cost of production of nuclear power when you do not have the foggiest idea, even now, of what the retubing costs are going to be?

Mr. Niitenberg: It is going to be the best estimate. There are no guarantees on any of these numbers. There are no guarantees on the numbers on coal. What we can say is that to date this is what the performance has been. Those numbers are in the public record. The production costs of nuclear energy have been considerably lower than production costs from comparable coal-fired.

Mr. Foulds: Is it not fair to say that in the last two years the components of the nuclear plants in Ontario Hydro have worn out or had damage done to them from being somewhat flawed earlier at a greater rate than you anticipated?

Mr. Niitenberg: No, I would not say that. They are not disastrous. We have one unexplainable technical failure which is being investigated, as Mr. Jackson stated. We have had a number of other failures which were statistically expected. Even taking all the problems into account, the availability of Pickering A has been higher than was included in the economics for 1983 and is expected to be higher.

12:10 p.m.

Mr. Foulds: And what about Pickering unit 2?

Mr. Niitenberg: It is still going to be a fairly reasonable number even if it is—

Mr. Foulds: Even if it is closed down for the next 15 months?

Mr. Niitenberg: If it is closed down to the end of the year. If we look at 1983, it is going to be over 60 per cent, which is—

Mr. Foulds: Then 1984 will be a pretty bad year if you have to retube it.

Mr. Campbell: May I make one observation regarding the performance of these plants in 1983? Of all the events which occurred this year to nuclear plants, only one event was serious, and that is the ruptured tube in unit 2. All the other events have happened in one form or another in the past. Let me also state—

Mr. Foulds: Will happen.

Mr. Campbell: —they will happen in one form or another in the future.

Mr. Foulds: Right.

Mr. Campbell: As a matter of fact, one element of the cost of nuclear power is the heavy water upkeep, which suggests by itself that you are going to lose some water and will have to upkeep the water and so on. The other point is that with the situation we faced this year, the whole Pickering plant—and I am not talking about a unit, I am talking about the entire plant—will end up with a capacity factor by the end of the year of approximately 80 per cent. Bruce will end up with a capacity factor of 86 to 88 per cent. Both are very high capacity factors when compared to reactors anywhere in the world.

Mr. Chairman: Thank you. Mr. Harris was next on the list. Mr. Haggerty, did you have a supplementary?

Mr. Haggerty: I have a supplementary with respect to the questions asked by Mr. Foulds. That is regarding the cost comparison of operating a nuclear generating plant and a coal-fired plant. According to the economics presented here this morning it is cheaper to go with a nuclear power generating program than coal-fired—we do not even mention hydraulics in this particular case.

In your cost evaluation, comparing nuclear plants and hydraulics, have you taken into account the cost of the decommissioned plant? For all I know, in retubing and so on you may have to decommission these plants and perhaps replace a new complete boiler system pressure vessel. Has that cost been incorporated in this?

When I was a member of the select committee we had experts who said the cost of decommissioning a nuclear plant could run to maybe 100 times the original cost of installing the nuclear plant itself.

Mr. Niitenberg: I would just like to make a general statement. Mr. Campbell has the details.

The answer is yes, decommissioning cost is included. It is being charged as a surcharge on a nuclear operation. The Ontario Energy Board thought we were very conservative and maybe had too high a figure.

Mr. Campbell: Let me be very precise. We have built into the cost of Pickering a cost of 1.6 mills per kilowatt hour for the provision of future radiated fuel transportation, storage and disposal. We have also built in 0.44 mills per kilowatt hour for the provision of future decommissioning. Those costs are built into the

figures we came up with in 1982, saying the Pickering cost per kilowatt hour was 15.77 compared to the Lambton cost, if Lambton were able to operate at the same capacity factor, of 23.68.

Mr. Harris: Mr. Chairman, I have a couple of areas I would like to discuss. Seasonal rates and this whole power at cost matter is one of them. Maybe I could just follow up on Darlington first because I also had some questions in that area. When is Darlington now scheduled to come on stream?

Mr. Campbell: In the period 1988 to 1992. The first unit is scheduled for 1988, the second in 1989, the third in 1991 and the fourth in 1992.

Mr. Harris: When the first unit comes on in 1988, that would be the first time then that this total cost is considered into the rates of Ontario Hydro.

Mr. Nastich: Yes.

Mr. Harris: Until it delivers power, there is no consideration of the cost?

Mr. Niitenberg: Not the total cost; the cost associated with the first unit and some common services.

Mr. Harris: They are shared with the other units. What is the total cost now projected to be for units 1, 2, 3 and 4?

Mr. Campbell: The estimated cost of Darlington at this point is \$11.2 billion.

Mr. Harris: For all four units?

Mr. Campbell: All four units, including heavy water, commissioning and design and construction costs.

Mr. Harris: That would include any interest on the money that accumulates until that plant comes on stream?

Mr. Campbell: It also includes the collection of interest on capital.

Mr. Harris: For the sake of helping me understand easily, let us lump them all together and use the \$11.2 billion. Over what period of time have you planned to amortize that capital cost for the plant into the annual rates?

Mr. Niitenberg: Forty years.

Mr. Harris: When you amortize over 40 years do you take 2.5 per cent of that capital cost?

Mr. Nastich: It is a straight-line depreciation, which means that you take the total sum of money, divide it by 40 and it comes up each year.

There are two ways of depreciating. One is called a sinking fund method and the other is the

straight line. We adopted some years ago, as is normal utility practice, a straight-line depreciation so that the years are divided into the total sum and you get the answer.

Mr. Harris: So, presumably, it is 2.5 per cent adjusted annually with the interest rate that you are paying on that debt at the time. When you borrow this money, I assume it comes due at different dates and there must be an adjustment made every year. Is that correct? Do you borrow money for 40 years?

Mr. Nastich: I will let Mr. Burdette answer it. I could answer more generally, but he will be precise.

Mr. Chairman: Identify yourself, please.

Mr. Burdette: Ted Burdette. There are two elements of the capital cost that are included in the rates at that point. First of all there is the depreciation on a straight-line basis, as has been discussed.

Interest is not specifically identified with a particular project. The interest on our total outstanding debt at that point, to the extent that it relates to operating capital, flows into the rates, so it is not possible to track a specific bond issue or a specific dollar of interest to that plant. What it does mean, though, is that we stop capitalizing interest on that project to the extent that it is in service, and that cost flows into the rates.

Mr. Harris: Your borrowings then are spread out over all forms of power. You cannot allocate your borrowings to nuclear power specifically versus hydraulic, coal or whatever. I presume—you can answer there—you do not borrow for operating or maintenance. You try to recover that through rates.

Mr. Burdette: That is correct.

Mr. Harris: Subject, I would presume, to any little errors that might be made throughout. But you would correct that in the next year's rate.

Mr. Burdette: We would normally have enough cash flow through depreciation and other sources to cover our operating costs.

Mr. Harris: So your only borrowing is for capital costs.

Mr. Burdette: Borrowing is for capital and refinancing of debt that may mature before the life of the plant starts.

Mr. Harris: Your estimate, Mr. Nastich, is that when Darlington comes on stream, this \$11.2-billion figure over a period of time—I think you indicated in the first year—might be

more expensive than coal at \$83, or is that coal at \$91?

Mr. Nastich: Those are the dollars of the year.

Mr. Niitenberg: But either way you calculate it, either in constant dollars or in dollars of the year, in the first few years nuclear power would be more expensive.

Mr. Harris: It would be more expensive.

Mr. Nastich: Mr. Harris, I would just like to make one point on this. It is not a technical question, but I think it is illuminating. A utility has two options in the coal-nuclear comparison. One is to have a relatively high debt and low fuel costs, and the other is to have a relatively low debt and high fuel costs. A hydraulic system has a relatively high debt cost and a relatively low fuel cost.

In economic terms, nuclear facilities have somewhat the same characteristics as hydraulic. When Hydro went the nuclear route, we expected that our debts would be higher than they would be with a coal-fired option but that the fuel cost would be less. Whenever we talk about debt, I think we should relate it not only to the assets and the equity but also to the fuel costs.

12:20 p.m.

Mr. Harris: At the \$11.2-billion figure I am hearing, you still believe that over the life of the plant there is considerable advantage because of the lower operating cost and that we should go that route as opposed to coal. Is that correct?

Mr. Niitenberg: Over the lifetime of the plant.

Mr. Harris: Yes. In these costings you relate the hydraulic as being similar to nuclear. I presume from what I have heard you say that you might prefer the hydraulic route if it were feasible.

Mr. Nastich: The history of Ontario Hydro's development has been to use the large hydraulic sources first. In the 1950s, when those sources began to get smaller in size and higher in unit cost, we went to coal. At the same time, recognizing coal was a fuel that was outside the province and had high transportation costs, we went the nuclear route.

If there were large hydraulic facilities available in the province, I would certainly like to develop them, but every hydraulic development my staff has told me about is either small in size, high in cost or environmentally unacceptable to the community.

For example, much of the northern hydraulic resources are subject to Indian land claims.

They have indicated to us already that there is no way there is going to be any hydraulic development in northern Ontario until those settlements come to fruition. As a matter of fact, I just saw in the paper this morning that Gulf and one other oil company have been asked to stop developing some resources up in the northwest Arctic because Indian land claims have not been settled. Others are whitewater rivers. So there are three things involved: cost, size and the environment.

Mr. Di Santo: Where did the minister get the 2,000 megawatts hydraulic in 1979 if there were all these problems? Was it a figure he just picked up for public consumption, or did he have some evidence that Hydro could actually build 2,000 megawatts?

Mr. Niitenberg: The cataloguing of potential sites indicates there is that amount available out, from the utility perspective, it is in effect really governed by its cost and its need. I think the significant point right now is that there is no need to add to our generating capacity—

Mr. Foulds: That is the best argument I have heard for Darlington in a long time.

Mr. Niitenberg: —to add to the approved program. We do not intend at this stage of the game to propose that we add nuclear, hydraulic or coal.

Mr. Di Santo: That was not my question. My question was—

Mr. Chairman: That was a supplementary.

Mr. Di Santo: I stand corrected. You are telling us today that Hydro, even if it wanted to, could not build hydraulic power stations because of all the problems.

Mr. Niitenberg: No.

Mr. Di Santo: I am asking you. In 1979, when the minister announced energy security for the Eighties—that is the policy of the government—he said Hydro was able to build 2,000 megawatts. Do not tell us you do not need it. You do not need Darlington, but you are going ahead anyway.

Mr. Niitenberg: I think we do need Darlington. The 2,000 megawatts of hydraulic, or any hydraulic station, certainly would have to be considered and would be a serious contender when the next commitment has to be made in adding generation. It would not be very cost-effective if we say we have overcapacity and we add additional generating capacity on top of it; we would be capacity that would need a very

extensive transmission network to incorporate it. It is not out there.

Mr. Nastich: You are right that the ministry did put 2,000 megawatts in its Energy Security for the Eighties plan, and that came out of the listing that Ontario Hydro made of all the hydraulic resources. In 1978, we suggested that there were 17 possible sites in the north that could provide 2,000 megawatts of peaking plant—that is, at the peak—but that because the water flows were relatively low in those plants, there would be 500 to 600 average annual megawatts, and of those 17 we thought 10 were promising.

Then we took the one that we thought was the most promising, which was called Little Jackfish, which is at a site on Lake Nipigon. Its peak is 132 megawatts and its average megawattage is 66, which means it has a 50 per cent capacity factor.

The capital cost of that—we did a fairly detailed study on it—was \$780 million, or \$6,000 a kilowatt, assuming a 1995 in-service date. We assumed the lifetime cost was over 80 years; we gave it an 80-year life. We felt that if we needed more capacity, this plant would be the next one we would build. As far as I can tell from the technical people, that is our most economic hydraulic plant of that size.

Let me give you an example about the small sites. The ministry, together with Millcroft Inn, developed a small hydraulic site just south of Orangeville. It produces 23 kilowatts. It cost \$80,000; that did not include the dam work. It is a prototype. It is an underwater type of turbine. But the point we have to make, I guess, is that these small hydraulic sites are very expensive alternatives, if you consider the cost.

Finally, with the northern sites we do have—
Interjection.

Mr. Niitenberg: Unless you can build them free.

Mr. Nastich: The final problem with many of our sites in the north is the fact that you have to build transmission lines down into the southern areas.

Mr. Di Santo: That is a different problem.

Mr. Nastich: But it is a real problem.

Mr. J. A. Reed: I have a supplementary, Mr. Chairman. As a matter of fact, I sit here in absolute frustration when I hear these comments made about the costs of these demonstration sites. There was never any intention on the part of the government to build the demonstration hydraulic sites at a cost. Had there been, those sites would have been given to private enterprise for development at a fraction of the

cost they have gone in at. Let us understand that from the beginning.

If you want to start talking about the economics of hydraulics, I will get into a public debate with you. I do not think we want to do that here. The fact is that there is an internal Hydro document called 600SP, which examined the economics of those 17 hydraulic sites and their cost-effectiveness, and I believe that is where you got the figure of 10 sites that were promising. There is also some comment in 600SP that would lead one to indicate that even with Hydro's system of installing hydraulic power and its cost approach to installing hydraulics, those 10 sites compete very favourably with Darlington.

My supplementary is, why were they laid by and why were they not proceeded with in the interests of producing power for the people of Ontario at the lowest possible cost? Understand, too, that when we talk about hydraulic capacity we do not talk about it in the same terms in which we talk about nuclear or thermal capacity, inasmuch as you have got an 80 per cent calculation of in-service in nuclear, perhaps somewhat less in coal-fired and substantially more in hydraulic. As a matter of fact, in your own calculations you actually calculate it as an overcapacity in hydraulic larger than its installed rating simply because of its tremendously reliable track record.

12:30 p.m.

Mr. Niitenberg: I would just like to clarify that point. I have a fundamental disagreement with Mr. Reed's figures.

Let us not speculate about what could be done. We have 6,500 peak megawatts of hydraulic capacity in operation in Ontario, and private industry has 650, for a total of 7,150 megawatts. In order for that to operate, you need two things; you need a waterfall and you need water.

Water is not always available. The track record of being able to generate 7,150 megawatts has been a capability factor of 62 per cent because the water flows vary.

On the nuclear plant we do get 80 per cent because we have some control over it. You have those two factors. The total of the sites that are listed—and I would like to check that reference to 600SP—

Mr. J. A. Reed: I have it here.

Mr. Niitenberg: That is fine. I will take a look at it. The listings we have are that the capability factors projected in terms of variability of water flow of all the sites listed are less than 40 per cent.

Mr. J. A. Reed: Because they are peaking stations—

Mr. Chairman: Order. I draw your attention to the clock, Mr. Niitenberg. We usually adjourn at 12:30. We will be back after question period. Do you want to wrap up?

Mr. Niitenberg: The wrapup point is that you are investing in producing a plant at a certain megawatt level. The water flow is such that you can only operate at a fraction of it. Therefore, the capital costs have to be spread over a smaller number of units of product. As you get more in your peaking, that is what drives the cost up.

Mr. Chairman: Thank you. Can I have the committee's attention? We will be meeting immediately after question period. I presume the committee would like to have the same staff back.

Mr. Nastich: What time is that?

Mr. Chairman: Approximately 3:30. We have an hour and five minutes remaining.

The committee recessed at 12:36 p.m.

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- Niitenberg, A., Executive Vice-President, Planning and Administration, Ontario Hydro



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Energy

Third Session, 32nd Parliament

Wednesday, November 9, 1983
Afternoon Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 9, 1983

The committee resumed at 3:30 p.m. in committee room 1.

ESTIMATES, MINISTRY OF ENERGY (concluded)

Mr. Chairman: I think I see a quorum.

Mr. Kerrio: I do.

Mr. Chairman: Good. We have an hour and five minutes remaining. Mr. Cassidy has requested 10 to 15 minutes before the finish.

Mr. Cassidy: I requested 15 or 20.

Mr. Chairman: We will see if we can accommodate you with some minutes. Mr. Harris is next, winding up. After Mr. Harris I see Mr. Kerrio, and then Mr. Di Santo is on the list.

On vote 2002, conventional energy program:

Mr. Harris: Mr. Chairman, I was just getting started and then I got supplementaried out of time, if you recall. I would like to finish up very briefly on Darlington with Mr. Nastich. I am trying to recall what all the supplementaries got at, and they got at some of what I wanted to ask.

I guess the fundamental question is, at the time when the decision was made to go ahead with Darlington the projected cost and the disadvantage of the high capital cost were outweighed by the advantages of the lower operating cost over the life of the plant. We had indicated that that had been compared to coal. The next part I wanted to get to or started to get to was the hydraulic.

At the time the decision was made, Ontario Hydro presumably determined it was of considerable long-term economic advantage to the power customers of Ontario to proceed that way. I guess I am assuming that that is fundamentally so, obviously, or the decision would not have been made.

One of the things that concerns me a little bit is, in the decision that was made at that time, was an update done so that the Hydro board could compare the alternatives of the 10, as was mentioned, preferred hydro sites and the coal? Is there any information that could be tabled that the Hydro board might have had at the time of going ahead with Darlington that enabled them to arrive at that decision?

Mr. Niitenberg: I shall try to answer at least

part of that question. The Darlington and 17 hydraulic sites that were looked at are not a tradeoff proposition. Darlington is expected to provide energy at a very high rate. The plant is expected to run on base load. Even if you take the total set of the 17 hydraulic sites that were looked at, which had a total capacity of 2,000 megawatts, the amount of water that would be going over those falls would have been able to provide somewhere between 500 and 600 average megawatts per year, so they would be equivalent in total to a little less than one Darlington unit in terms of energy production.

Those sites were looked at as a peaking capacity for adding at the future date. Darlington was being planned and worked at in the early 1970s, with a site being obtained in 1971. The report Mr. Reed referred to was a 1980 report on the availability of hydraulic, and they were always regarded as post-Darlington decisions. So it was not an equivalent tradeoff. For peaking capacities, hydraulic stations are viable. When we need that, they will be looked at, but for supplementing or replacing Darlington energy they are not.

Mr. Harris: You would not then consider them as an alternative to having, say, three reactors at Darlington, if that is the amount of power you determine you are looking for?

Mr. Niitenberg: They would not be an alternative for base-load energy. They have high capability in the springtime, and that is just about it. In the late part of the summer they have very low capability.

Mr. Harris: When you are looking at the total costing, do you include in that the cost of transmission, of getting this power from the various 10 preferred hydraulic sites to the grid? Would that be part of looking at nuclear versus Hydro?

Mr. Niitenberg: That would be part of the study. That would be the incorporation costs. This has not been looked at in any great detail except for Jackfish, which can be incorporated into the west system. Some of the northern rivers Mr. Nastich mentioned before would need transmission lines that are somewhere around 1,500 to 2,000 kilometres long to incor-

porate them into southern Ontario load centres. That has been neither calculated nor laid out.

Mr. Harris: All right. In the interests of time, Mr. Chairman, I will leave Darlington. I would like to talk just a little bit about this determination of power cost as it came up a year ago with the proposal for seasonal rates. First of all, let me say, on behalf of Jim Gordon, myself and the entire northern caucus of our party, we are very appreciative of the response from Hydro, and I know it is appreciated by the residents of northern Ontario, on the case we made for seasonal rates.

I still have some difficulty with the determination of the power cost and the degree to which Hydro breaks down the power cost. Degree does not matter to me in how you break it down, but if you are going to try to allocate it, for instance, on a seasonal rate basis, the difficulty I get into is that you take the base amount of power provided by Hydro as 0.6, if it is, cents per kilowatt hour. Is that right?

Mr. Nastich: I think it is a little more complicated than that.

Mr. Harris: Then the nuclear seems to get stacked on and added. Presumably in the wintertime, when the demand is the highest and the coal plants have had to kick in, you then determine that extra bit of power as having cost more money as a justification for the rate being higher in the season when you have more power.

That was my understanding of how Hydro was proposing to charge more for power in the wintertime than in the summer. Is my understanding roughly correct?

Mr. Burdette: I think to begin with you do look at the different costs over the different time frames in order to come up with the seasonal rate. It is not just a matter of lowering the costs in the way you have suggested, but of looking at the whole stream of costs that relate to those plants. It takes into account transmission, distribution and generation.

You do not simply add one generating plant on top of another, but you do try to get a representation of the accounting costs that will occur in those particular periods, which means that conceptually you are not very far off. What happens is that it does cost more for certain generation in the wintertime because of the coal plants being on, the less efficient plants being on, at that time of the year.

Mr. Nastich: It is averaged, Mike. It is an average generation pool, so that in winter in that

average a lot of the less efficient plants are operating. In the summertime they are not. You are right, except that it is not layered. It is just put into a pot.

3:40 p.m.

Mr. Harris: My conceptual picture that the less efficient plants have to come in during high demand periods—

Mr. Nastich: Which could happen in the summertime.

Mr. Harris: I guess where I have difficulty is that we lump together every geography. We do not take into account rates and transmission costs. That is averaged out over the whole system so that a utility or customer 500 miles from the plant pays the same as the customer right beside the plant.

The total debt costs seem to be spread out over the power system. Once the systems come on stream, let us say a nuclear power plant comes on stream, the capital cost of that plant gets averaged into the whole system and cost of power. Yet let us say the year Darlington comes on stream, in 1989 or 1991, we have two or three reactors on stream, we are going to say the cost of the nuclear power, which I would say is at the bottom of that pyramid, may still be cheaper than coal or whatever it is, but the capital cost it took to build that plant will be averaged out amongst the whole system at that time.

I do not know if you get what I am driving at. What I am saying is, had you not built the plant so those capital costs in this little pyramid I am talking about are being borne by coal-generated as well, because it is averaged into the whole mix—it is fine to say we are going to build an \$11-billion plant. I am not arguing with that and I do not mind being on the record as supporting the nuclear industry in Canada and Ontario's commitment to the nuclear industry. I am not questioning that. I have been on the record as, and will continue to be, a supporter.

What I am getting at is I sense that because the Ontario Energy Board is apparently continually asking Hydro to refine this rate system, I am a little worried seasonal rates may be coming back at us again. I have great difficulty understanding how with the millions of dollars we must be spending we can determine what it actually costs when we break it out to produce that last bit of power in the wintertime. I hate to be dramatic, as I accuse the opposition of being when that poor little householder up in northern Ontario needs the heat at 30 degrees below, but

I have difficulty with how we can define it that precisely.

Mr. Burdette: For one thing, we do not try to define that fine change very precisely. We look at it in large blocks and average those blocks. We have not attempted to cost the power marginally, so it is a very broad measure of the seasonal changes and costs.

Mr. Harris: Would you agree with me that if the capital cost of a particular source of power was to remain with that source of power, as opposed to being averaged into the whole system, it might not be quite as dramatic an increase for the coal-generated power in a given year?

Mr. Burdette: We do look at the total block of costs associated with all types of generation in determining the seasonal rates. It is not just the energy portion of it. We look at the total cost of providing power in the seasons.

Mr. Harris: My understanding is you assume you have all this plant of three varying, different types. Given that you have them all and given that you have an overall capital debt to service, you look at the operating cost of actually providing power. When you have to provide it with coal-generated power, it is a higher operating cost. In that seasonal rate application, did you take into account the capital costs of the plants?

Mr. Nastich: Yes.

Mr. Niitenberg: But the fuel cost or fuel impact on a comparable coal-fired plant is that much larger.

Mr. Harris: I understand that.

Mr. Niitenberg: I can offer a comparison between two specific units. For instance, if you compare Bruce A and Nanticoke, which are reasonably similar, the interest and depreciation costs and other capital charges are about 10.2 mills per kilowatt hour for Bruce A, and for Nanticoke they are 3.4, so there is a big front-end load. When you drop down to fuelling, for Bruce A the fuelling is 4.3 and for Nanticoke it is 2.4, so there is an offset.

Mr. Nastich: I think if I can deal with it in a simpler way from my own understanding, because I am no longer an expert in this, when we look at our generation cost, it is all put into a pot and it is shared out according to usage. It turns out that right now in the wintertime that pot of costs, the dollars that go in there, is bigger than it is in the summertime, and the reason is that we

are heating more in the winter than we are air conditioning in the summer.

But we are getting closer and closer to the summer peak approaching the winter peak; that is, more and more people are air conditioning. So that pot of costs in the seasonal concept does not mean that a winter rate is necessarily higher than a summer rate; it could be a summer rate higher than a winter rate.

All we were trying to do was to say, "Okay, if that pot in July is this and in December it is larger, everybody pays his share of that larger pot."

Mr. Harris: I am having difficulty, I know, getting to this. The Ontario Energy Board aside, do you have difficulty in saying, "Our costs for our power over a year are this; therefore, we will allocate those costs accordingly"? Did Hydro go into this whole seasonal rate because they wanted to refine the costs or because the Ontario Energy Board asked you to refine the costs?

Mr. Nastich: This started back in 1977.

Mr. Harris: It was before my time, I know that.

Mr. Nastich: The idea was that we should try to track costs in our pricing system, and that has really been the genesis of it. If you remember, we went to the energy board with a proposition of something called marginal cost pricing as opposed to average cost pricing. The energy board went after that in great detail and finally said, "You should use average cost pricing." Then these features, time-of-use rates and seasonal rates, came in as a measure almost of conservation, because what it really says is that those who use more or cause more costs should pay more.

My experience has been that it is very difficult to put in overall financial and costing changes because they affect so many people. I think in the future Hydro will approach this more pragmatically. Rather than look at it again in an all-embracing philosophic system, we will try to adjust the costing system so that it gets closer to tracking costs by recognizing customer concerns. That is really where we are at now.

Mr. Harris: I think you understand our concern, and it was not necessarily the north, as you know, although it is very difficult to zero out. If the same thing happened in a community in northern Ontario and southern Ontario, it would affect the north more. But basically those communities and utilities that were successful in selling Ontario Hydro's own program of

converting to electric heat, if they were successful in doing this over a period of years and had more people on electric heat, then used more power in the wintertime and would have been hit hardest by the seasonal rate usage.

Some of those were in southern Ontario, but a comparable municipality in northern Ontario would very likely have been using even more in the wintertime and, we feel, would have been affected even more. That was the problem we saw with the proposal. On the one hand we encouraged off-oil and we encouraged the conversion to electric heat, yet the very local utility that did the best job of selling this program was going to end up paying more.

Mr. Nastich: I recognize that. We had that same comment from the industrial customers on our proposal to shift more of the costs from demand to energy because that also hits people who have tried to shave their peak.

I guess what you face in this kind of structural change is that somebody benefits and somebody loses in almost every proposition you have. We felt there was so much concern about pieces of our proposal that we should step back and not go after it in a big, comprehensive way any more—it is too expensive and too time-consuming—but try to deal with it more pragmatically, more realistically, taking in the customer concerns.

3:50 p.m.

Mr. Harris: May I ask one final question? How far have you stepped back from the seasonal rate proposal?

Mr. Nastich: I do not know what the staff is thinking now, but I think it will be some time before we come up with a seasonal proposal.

Mr. Harris: That answers my question. In closing, I really wonder how much staff time must be spent in sorting out the fine-tuning and the tracking of costs—and I think the Ontario Energy Board has been partly the instigator in this—and I would just point out that if we took out all the costs of the fine-tuning that has to be done, we probably would all save money in the long run.

Mr. Nastich: That is a possibility.

Mr. Chairman: I have one question, just to follow up on what Mr. Harris says, In your conventional energy program, and this is probably what you have been discussing, the \$3,170,500 for the conventional energy program is lower for 1983 and 1984 than what it was last year. Are you not going to spend as much next year as you did in the past year?

Mr. Nastich: When you say conventional energy—

Mr. Chairman: I am referring to vote 2002 in the estimates.

Mr. Foulds: That is ministry expenditure, not Hydro expenditure.

Mr. Chairman: Okay; my mistake.

Mr. Kerrio: I have been looking forward to dealing directly with management from Ontario Hydro. I have to dwell a little bit on the accomplishments of the select committee during minority government. I think a good rapport, a very meaningful relationship developed between members of the Legislature, Ontario Hydro and many experts who came before this committee to talk about nuclear, thermal and hydraulic power, the advantages and disadvantages, and the financing. It was a fine exercise and I think many members of the Legislature were the better for it.

I would like to direct a line of questioning to upper management of Hydro, coming maybe from a little different direction. Having spent a good deal of my time in the private sector before coming here to the Legislature, I have a real concern relating to Hydro's intrusion in that field.

I say that with the greatest respect. I certainly do not quarrel with governments at various levels participating in certain fields, except that the rules and regulations governing the participation should be the same. I take exception from time to time when Hydro is given advantages, for whatever reasons, that the ordinary private sector people cannot avail themselves of. I draw to your attention specifically situations such as the time we were talking about province-wide bargaining; Ontario Hydro was not obliged to live within that direction.

When you then compete in the field of energy, in a sense you have a bit of a stacked deck. When you are selling energy against a private company, you can more readily compete in some cases on rather an unfair basis, because those companies are taxed, paying property taxes and doing many other things that allow public sector companies such as Hydro to function. It has always been my concern that we separate them.

On a very small scale, when I was in construction in Niagara Falls, the city took on a program where it would do some of its own work. We never quarrelled with that. We said that as long as they lived by the same set of rules, kept good costs and proved to the citizens they could save

money, that was a good way to keep contractors in line and vice versa.

One of the problems I have in dealing with Hydro is how it fits into an energy policy, and on that basis I would ask how you can really justify some of the involvements. For instance, we have come full circle and now we are talking again about going the electrical route. It went from way back in my time. I can remember the very first catch phrase was, "Hydro is yours; use it." I do not think there was one before that. If there was, you will have to relate it to me. Then we went into the conservation period, and now we are back to an attempt to sell Hydro.

Are they really that competitive, when we are talking about going the electrical option, as opposed to other options? I am thinking primarily of gas. I pose that question to you as my first question. Do you think the gas company in a sense has obligations that remove it further from a competitive position with you because of its tax position in all those things?

Mr. Nastich: There is no doubt the oil industry and the natural gas industry are being used by the governments, federally and provincially, as a means of financing part of the government programs. They are taxed relatively heavily so that when one compares electricity prices, which is a manufactured product, to a primary energy source, such as natural gas or oil, it is true there is taxation on them that is not on us. There are royalties, for example. Where we come from is that we feel the government policy, federally and provincially, of getting off oil is a correct one. At least that is the stated policy of the government.

Second, we have a manufactured resource in Ontario which, at today's relative costs, looks competitive with natural gas right now in certain areas and will be competitive in the future. Since we have most of the plant in place and most of it well committed, we have developed a strategy, which is called the harvest strategy, to use those facilities in the best possible way to provide the lowest-cost electricity to the public.

What will happen in the future is not something I or you or anybody can foresee. Will the governments of Canada and Ontario change their royalty policies, either upwards or downwards? If they change them upwards, that makes gas and oil heating more expensive relative to electricity. If they change their policies downwards, it makes it more competitive.

On the one hand, we have a manufactured resource, which is electricity—it is a manufacturing process we are in—compared to a pri-

mary source, natural gas or oil. Whether it is better to go on a policy basis from oil to gas or electricity is a question I cannot answer for you. I do not have the expertise or the basis. I do not think anybody really has.

It seems we have a policy in Canada, by the federal government at least, to encourage both the electricity industry and the gas industry to take some of the off-oil programs.

Hydro is involved in a building program which has been committed for many years. When we are talking about Bruce and Pickering, they were committed in the late 1960s. With Darlington, as Mr. Niitenberg said, the property for it was bought in 1971 and the basic design was done in 1974. It was put into an order in council in about 1977. What Hydro is doing is finishing off its commitment. We are not planning new commitments. We have them, and it is very expensive to stop them.

Whichever way you put it, there is a lot of money involved in stopping these projects. In that case, what does one do about it? We say what we want to do is keep our costs as low as possible. We want to complete those programs, make effective use of the electrical supply in Ontario to meet the policy guidelines of off-oil and provide an alternative source of energy, compared to oil, which is competitive and economic.

Mr. Kerrio: There is another line of questioning I would like to pursue. I would say this is a very important executive decision. Do you feel enough priority was given to those things that might have come one step ahead of an all-out commitment to developing more power, whatever it might be?

4 p.m.

I ask the question in the sense that the peaks and valleys of generation and demand are very sharp; they are as sharp as that modern painting on the wall there in some instances. Has there been a real commitment to taking off the peaks and filling in the valleys, to getting some kind of real commitment to load management and pricing? I think in some instances you have just described that load as levelling off somewhat between summer and winter because of seasonal use of air conditioners.

The point I want to make, putting aside for the moment the question of electrical heat, is whether there could be a pricing arrangement so that a person who was on a fixed income would not be paying more per kilowatt to heat water for a pot of tea than a person who is

heating a swimming pool or cooling a house in summer.

Do you feel there has been a real commitment to load management, a good look at pricing? I have a distinct feeling that most of the pricing by Ontario Hydro was done at a time when we were generating 90 per cent or more of the power with hydraulic. With hydraulic, you did not have to throw another bundle of fuel on when you needed more power; you opened the gate, and there was more power at your command.

I hope you can answer that question. It has always been one I thought should be of very priority.

Mr. Nastich: We are very serious about load management. We are running trials in and around the city of Toronto with residential customers to see what can be done.

Mr. Kerrio: Hot water tank recovery, for instance, as a simple example.

Mr. Nastich: That is right, but this is a pricing system to stimulate people to change the pattern of load use. Built into our forecasts of future supply is a very large amount of load, which is going to be load-managed. I do not know what the figure is, but it is a very large amount. That is, when we say the growth is going to be some 2.1 per cent and how we are going to meet that, we are assuming we are going to meet a part of that load by load management.

Mr. Kerrio: Would some of that be industrial load management as well?

Mr. Niitenberg: Yes.

Mr. Nastich: It would be industrial and residential.

Mr. Kerrio: That could be a big one.

Mr. Nastich: That is right. What you run into on a pricing system is the problem Mr. Harris mentioned. If you start tracking the extent to which people are incurring those costs, then you have some people paying less and some people paying more than they did previously, and they object to that. The ultimate theory you are suggesting is called marginal cost pricing, which ultimately says, "If you caused an extra item of cost to go on the system, you should pay for it."

Mr. Kerrio: Right.

Mr. Nastich: The energy board told us not to do that, because what it would do would be to increase the revenues of Ontario Hydro immensely. There would be a large amount of extra money coming to us. The question is, what do you do with this extra money? We are charging

at the marginal cost. It is taking it out of the customer's pocket, and then the question comes up, "Where does it go?" Does it go back to customers in some other rebate form or does it stay with the utility?

All these issues have been looked at by Hydro and by the energy board. They are not subject to a clear, theoretically elegant answer. Every one of them has pluses and minuses but, specifically, load management is an integral part of our future planning. The supply situation is based on a relatively large amount of load management coming on the system.

Mr. Kerrio: Mr. Chairman, just a very quick question. What are the time constraints now? What time have we got?

Mr. Chairman: You have another seven minutes. Mr. Foulds, I think, wanted 10, and that leaves Mr. Cassidy 15. You have another seven minutes if you want it. If you do not want it, I am sure somebody else will use it.

Mr. Kerrio: No. I was going to use all of the energy at my command right now.

Mr. Chairman: That may not take too long.

Mr. Kerrio: There is another area that I think we are talking about again, management determinations and decisions. It has to do with the contract with Petrosar. I would like to get a little bit of information as to where we stand.

According to my research, there was some involvement in Petrosar with a 15-year heavy oil contract. I have some questions I would like to ask, but I do not know whether you have the answers at your fingertips.

How much of that contract was actually used? How much of that oil was delivered? Where does the contract stand now? If we are going to mothball those plants and really not go ahead, if they are not needed in the future, what kind of money are we talking about to cancel those contracts?

Mr. Nastich: I will answer your question in steps. For oil delivered, in the period 1977-79 we took about 25 per cent of the original contracts, which is about 5,000 barrels a day. In 1980, we took 1.4 million barrels; in 1981, 450,000 barrels; and in 1982, 140,000 barrels. We have not been taking any since.

The contract with Petrosar is not a take-or-pay contract in the normal sense of the word. It is a contract in which we have to pay the damages incurred by Petrosar as a result of not producing the residual oil for us; that is, it is not take or pay. So the penalties we have paid in the

period 1977-82 have been about \$60 million, and we can get the detail of that later.

Where we stand now is that Hydro has informed Petrosar that it considers the contract at an end because of our belief that Petrosar made commitments to the federal government to stop producing the residual oil as a part of the off-oil policy and the national energy program. So we are now in court with Petrosar and going through discovery procedures, and it is our judgement and our position that the damages because of the actions are not there.

That is in dispute. I guess that is all I can say. The lawyers are now working with each other, and I hope that as we proceed it may be possible to make a settlement with Petrosar. But just at this stage the two parties are going through discovery procedures.

Mr. Kerrio: Considering the time constraints, the last question I would like to raise is to ask for an overview of our uranium contracts, where they stand and what Hydro's position is on the supply of uranium and whether world prices are such now that there are any options in the contracts. Maybe you might just update us on those contracts.

Mr. Nastich: I have Al Holt here, who is our director of fuels. If it is all right with you, I would like to ask Mr. Holt to deal with that.

Mr. Chairman: Would you identify yourself and your position, Mr. Holt, in the microphone?

Mr. Holt: Al Holt, director of fuels for Ontario Hydro.

Regarding the uranium contracts, at the present time we have a number of contracts. We have two with Elliot Lake producers, Denison and Rio Algom, which get most of the attention, and then we have contracts in western Canada.

The amount of uranium we are taking under those contracts at present meets our requirements, and our present forecasts indicate that supply and demand will balance into the early 1990s. Unfortunately, the large Elliot Lake contracts were entered into in anticipation that nuclear stations would continue to be built after Darlington. That does not seem as if it will be happening in this century; so after 1993 we will have an excess of uranium.

Mr. Kerrio: Even on the contract basis.

Mr. Holt: On the contract basis. We will have more uranium contracted for than we will be able to use, certainly in the period through to the end of the century from 1993.

4:10 p.m.

The question of what we are going to do about that has not been resolved yet. There are various provisions within the contracts that deal with all the supply. The question is which of those we should exercise. The year 1993 is nine years away. We seem to have problems with decisions we made last year so we are not in a hurry to make decisions in terms of nine years forward when things may change dramatically.

I think it is fair to say we think there will be solutions to all those questions and we will be trying to take them at the appropriate time.

Mr. Kerrio: You raise a thousand questions. Perhaps this is going to provide a forum for us, which has been suggested. I hope the minister is going to put priority on getting us a bit of exposure to members of Hydro staff. I heard you kind of half make that commitment. I hope that might come to fruition.

Hon. Mr. Andrewes: There is no problem with exposure these days.

Mr. Foulds: Let me apologize for my colleague Mr. Di Santo, who had to leave because he was ill. He had to go home. He sends his apologies.

I would like to ask Mr. Nastich a question. In his statement on page 5, he talks about reducing staff levels and further reductions. Can you give us an indication of the reduction in staff levels in each of the divisions, the nuclear division, the hydraulic division and the design division, on a regional basis? Is that possible? Are there reductions at the plants?

Mr. Nastich: On an overall basis, I want to say what we are facing in the corporation is an attempt to get more productivity from our staff at today's level of work. Then there is the secondary question of the reduction in staff because of reduction in work.

What is happening is that our major projects, Pickering B, Bruce B and Darlington, are starting to come to the latter stages. For example, we have a significant geology and soil mechanics group whose work is coming to an end at Darlington and we are contemplating no further work after that for the next few years.

Mr. Foulds: They will not be looking into the question of nuclear waste, for example? That is wholly the responsibility of the Atomic Energy of Canada Ltd.

Mr. Nastich: There is a split on that. There are a number of people there. Essentially, what I am telling you is that our work load is dropping off. Our design people under Mr. Campbell and Mr. Horton are starting to look at the slope of

that curve, the rate at which we will have to drop our work load.

I do not know if Mr. Niitenberg has some figures here. I am reluctant to get into specific numbers because we have not yet done the detailed analysis of staff needs over the next three or four years.

Mr. Niitenberg: In general, in 1983, with the early retirement program, the regular retirement program and some surplus declarations the staff levels have been reduced by somewhere around 1,400 people.

Mr. Foulds: That is in all divisions.

Mr. Niitenberg: Yes, in all divisions.

Mr. Foulds: Can you break that down?

Mr. Niitenberg: No, I cannot. This is part of the budget review. I would say that about 40 per cent were in the regions and the rest were in the other divisions.

Mr. Foulds: Okay.

Mr. Niitenberg: I would like to say where the thrust is going to be. In future years, obviously there will be fewer operating demands on the thermal end and more operating and maintenance demands on the nuclear end. If you look at the design and construction area, we are working right now on three major projects, Pickering B, Bruce B and Darlington. By 1987-88, we will be working on only one, so obviously there is going to have to be a staff adjustment.

Mr. Foulds: There will be substantial reductions in the construction area and substantial reductions in the thermal generating section because of mothballing.

Mr. Niitenberg: Yes. There will be some reductions in the numbers which are in the division although we are relocating some of the people within the division.

Mr. Foulds: Right. How much of a saving will there be? What is the percentage of your annual budget paid towards staffing costs? About 10 per cent?

Mr. Nastich: It is more like a third.

Mr. Niitenberg: It is about 30 per cent of the operating budget.

Mr. Foulds: That is 30 per cent of your total annual budget.

Mr. Niitenberg: No, 30 per cent of the operating budget.

Mr. Foulds: What percentage of your total annual budget is your operating budget?

Mr. Burdette: The operating budget would be about one half.

Mr. Foulds: So half of 30 per cent, one sixth of your total annual budget, is in staffing costs. That is about 15 per cent.

Mr. Niitenberg: No, it is more than that.

Mr. Burdette: No, because there are also labour costs in the capital.

Mr. Niitenberg: That are being capitalized.

Mr. Nastich: To put it in the broadest terms, our total staff costs are \$800 million or \$900 million. That is about it.

Mr. Foulds: That includes capital and operations, and that includes unionized and nonunionized. What about that 1,400 reduction? What percentage of a reduction is that? Do you have any idea?

Mr. Niitenberg: In terms of regular staff, and I am distinguishing this from construction labour, we came down from somewhere around 25,300 to around 24,000 in regular staff, both unionized and professional.

Mr. Foulds: Management and supervisory staff.

Mr. Niitenberg: But excluding construction labour coming from the union hiring hall.

Mr. Foulds: Mr. Nastich, you say in your statement on page 6, "To meet reliably the bulk of the province's future power needs, the choice is either nuclear or coal." At the beginning of your statement you said, "I can think of no instance where Hydro actions conflict with the stated policies or desires of the government of Ontario."

I would have thought that in meeting the bulk of the province's future power needs the choice would be nuclear, coal or conservation.

Mr. Nastich: That is right. I was talking here about supply options. There is also some hydraulic in the future, because we are at some point going to put in 2,000 megawatts of hydraulic generation, which has only a peaking of, on average, about 600 or 700 megawatts. Conservation is a very important part of our future plans.

Mr. Foulds: Why did you omit it then? Was it just an unfortunate oversight?

Mr. Nastich: When I am talking about the supply side, I am thinking in terms of the manufacturing side of our business. That is not the manufacturing side. But load management is a part of conservation, and our conservation efforts are also built in—

Mr. Foulds: I would have thought you would not need to do the manufacturing if you can lower the demand.

Mr. Nastich: Exactly right. That is why load management is built in to the tune of—

Mr. Niitenberg: Eight hundred megawatts.

Mr. Foulds: How much?

Mr. Niitenberg: Eight hundred, in the planning of future expansion at the end of the century. I think it is very important to distinguish between talking about the ongoing and committed program and the next decision in adding capacity, in which case conservation may very well be the most economic tradeoff. It may be load management; it may be hydraulic, nuclear or thermal. Those options have not been disregarded, but we have not been faced with having to make a capacity-addition decision since the mid-1970s.

Mr. Foulds: I have one last question, a parochial one, in the minute left to me. Now that you have made the decision that you are going to commission Atikokan, what is going to happen to Thunder Bay? You have closed unit 1. Unit 1 at Thunder Bay has been mothballed.
4:20 p.m.

Mr. Nastich: Thunder Bay unit 1 has been in a frozen state for some time. We are going to mothball it in March 1984 and our expectation is that Thunder Bay units 2 and 3 plus Atikokan will run. The uncertainty there is, as you know, the northwest region has had some real economic difficulties recently and the load fluctuations, the band fluctuations, are very sharp. I think they come up to 50 per cent. So we have looked at our best guess of what is going to happen up there. We feel we need the Thunder Bay units 2 and 3 and Atikokan, but it all depends on what happens to the—

Mr. Foulds: Can you give me any kind of ball-park figure for the electrical demand, say, when the Hemlo gold fields and the mines there become operational?

Mr. Nastich: I think it does not make very much difference. It may be 20,000 or 30,000 kilowatts.

Mr. Foulds: That is all?

Mr. Nastich: That is all. Twenty megawatts.

Mr. Foulds: But that is one of those stations, is it not?

Mr. Niitenberg: One tenth of one of these.

Mr. Foulds: One tenth of Atikokan.

Mr. Niitenberg: Yes. Atikokan is 200 megawatts.

Mr. Foulds: So that makes 20 megawatts.

Mr. Nastich: Twenty to 30.

Mr. Chairman: A week or so ago we had agreed to spend three hours and some minutes today on Hydro. Mr. Cassidy has a request that he wants to deal with something on energy. Does the committee agree that we can switch back and finish on the energy section? Is that agreeable?

Mr. Haggerty: I just have one question.

Mr. Chairman: We have allotted what time we had left, and we agreed that Mr. Cassidy should get 15 minutes at the end.

Mr. Kerrio: We were talking about Hydro. We agreed to spend the whole session with Hydro.

Mr. Chairman: That is right. It is up to the committee if you want to allow the time to the member to revert to energy. It is up to the committee.

Mr. Foulds: I think that is only fair.

Mr. Chairman: I think it is only fair, but could I have agreement to that? Would you take five minutes?

Mr. Kerrio: The gentlemen are here. If we have a question of Hydro—

Mr. Haggerty: I would just be about five minutes.

Mr. Cassidy: I am sorry. You have had things from your riding. This is something of extreme importance to my riding. I could not be here last week and I made the specific request to the committee that I be allowed to do this today. We can spend 10 minutes quibbling over whether or not to have the time, but I would like a chance to raise this publicly with the minister on the record.

Mr. Chairman: Could we have one question from Mr. Haggerty? Then we will go right into the other.

Mr. Haggerty: I just wanted to ask one question directed to the Ontario Hydro 1982 annual report that concerns comments of the chairman Hugh Macaulay. "Hydro is going to have to redirect all of its resources to deal with slower growth, higher costs and the financial uncertainties of the current economic climate."

That seems to be putting in quite clear view the difficulties that are facing Ontario Hydro immediately, whether it is the nuclear industry, fossil fuel or hydraulic power. My leader mentioned today Cambridge Energy Research Associates of Massachusetts, which was quoted in an article in the Buffalo Evening News on Monday, November 7. It says, "Many nuclear power plants under construction will produce electric-

ity at rates equivalent to double or triple the price of OPEC oil, an energy consulting firm said in a report Sunday." It goes on to say that they base the cost on the cost of oil at \$100 a barrel.

Do you have any comments on that point? You have another expert in the area who is reviewing the nuclear production in the United States, particularly as it relates to electricity, and warning that the cost of the nuclear industry will perhaps outrun and outstretch the fossil fuel and even hydraulic plants, based on \$100 a barrel.

Mr. Nastich: That is not the Candu system, and the record shows that the Candu system Pickering and Bruce units have been at the top 10 of all the large-sized nuclear units in the world. That is a fact that people tend to forget. We are still going to be in that range in 1983. We are producing electricity at Pickering at 1.5 cents a kilowatt hour. There may not be many units elsewhere in the world that are doing that, but at least in Canada we are.

So my final comment to you is that we have a system here that we can be proud of, that stands in the world rank of 140 or 130 units throughout the world, and we are looked upon as one of the leaders in nuclear technology all over the world. Where we get our criticism is home in Ontario.

Mr. Haggerty: The last paragraph may drive the point home further. "It is predicted utilities involved in the most troubled reactor projects will require huge rate increases ranging from 30 per cent to as high as 80 per cent in order to meet fully the interest and the dividend obligations on securities they have issued to finance plant construction."

Mr. Nastich: That again is not the Candu system.

Mr. Haggerty: No, but you have problems with the Candu system today. I hope it does not move into the area where it can be more serious than it is today. If you are going to be footing the cost of perhaps retubing all the pressure vessels, it is going to be costly. You will not be looking at \$50 million or \$60 million; you will be looking at \$400 million or \$500 million.

Mr. Campbell: One of the reasons they are having difficulties building plant in the United States is the length of time it takes to get the various stages approved, get a licence and so on. In many cases, their costs are going out of sight. Many utilities are saying they are not prepared to put their money into it because they do not know what the cost is going to be.

Mr. Haggerty: They have had to cancel some big ones.

Mr. Campbell: On the other hand, they are still building about 70 reactors in the United States, but they are certainly having their difficulties. I suppose France is the most successful country in this regard in terms of building plant and getting it—

Mr. Haggerty: Would it not be—

Mr. Chairman: You have asked three questions now and the time is running. Is the committee going to give Mr. Cassidy the right to have at least 10 minutes or is it not?

Mr. Watson: Provided we can start right now.

Mr. Chairman: Just before you start, Mr. Cassidy, I want to thank Mr. Nastich and his staff for being here and for being before the committee on the estimates.

Dr. Higgin, would you like to come forward? Proceed, Mr. Cassidy.

On vote 2003, alternative and renewable energy program:

Mr. Cassidy: Mr. Chairman, I want to raise some questions with the minister. He knows I am concerned about the proposed energy from waste plant in LeBreton Flats, which is in the heart of my riding of Ottawa Centre.

The final report from Woods Gordon reiterated what they had said in their interim report, suggesting that the project was technically, operationally and economically viable and, "since there are no known barriers which preclude implementation, it is recommended that the project be actively and immediately pursued."

Although Coventry Road has been considered as an alternative site, it appears the thrust of the final report is to continue to focus on LeBreton. This is a \$100-million or more investment.

I want to raise my concerns with the minister, partly because of the fact that, in response to my letter this summer which congratulated him on his appointment, he seemed to be taking the view of his predecessor that there was no problem there.

There is a serious problem that is reflected in the fact that all the politicians at all three levels of government whose areas are affected by this project have indicated they are strongly opposed to putting a large industrial type facility with a 400-foot high stack in the middle of an area which is both residential and very scenic as far as the national capital is concerned. I would like some assurances from the minister in this regard.

The only savings that would come would be in

natural gas. Not a drop of oil use would be changed from this. The price assumptions that underlie the economic viability claimed for the plant are based on Ministry of Energy projections of several years ago when it was thought oil prices would be going up to the tune the Arabs had proposed. I think those assumptions are very questionable at this time.

The real rate of return that is suggested is at the lowest limits of either public or private returns on investments. I suggest that the benefits, therefore, are very limited, even if those figures can be accepted.

The conclusion by Woods Gordon assumes the project will be able to go forward with a relative degree of support from the community. That support is not there. In terms of community impact—I am trying to summarize here—when the two finalists were considered, Coventry Road and LeBreton, on the community impact categories the score for LeBreton was 94 points and the score for Coventry was 264 points.

It is a reverse scale. That means the more points one gets the more favourable or the less unfavourable it is. That means Coventry was three times as favoured, or that the impact was three times as great in terms of the community at the LeBreton site. The only reason it would seem to be desirable was because of its proximity to the federal government's Cliff Street plant.

4:30 p.m.

I started looking at this project some months ago with an open mind about the energy from waste concept. However, I have so many questions now that I am opposing the siting in LeBreton and asking the minister to consider these objections.

The consultants claim the technology is proven. However, in North America the experience says it is not. In the case of the Victoria Hospital project in London, the citizens there asked what projects they should look at in order to see how this would fit into their community. They were referred to the solid waste reduction unit in Hamilton, to Harrisburg, to Dufferin-Finch and to Auburn, Maine. One of those projects was closed, two were said to be disasters, and the only one that was at all acceptable was Auburn, Maine, which was in the industrial area of a small town and not in the middle of a large city like London or Ottawa.

In order to come up with what they thought was a viable project, the consultants had to come up with a recommendation that the uptime be 85 per cent, which they admit is a daring

assumption and one that would, therefore, require skilled crews working at the peak of their capacity and at the top end of the learning curve. In other words, they are making a lot of assumptions about keeping this plant going, to be justified, which would be difficult, if not impossible, to achieve.

This site is right next to the parkway along the Ottawa River, which is one of the major entrances to the national capital. Over the last 20 years the National Capital Commission has been systematically beautifying the area to make it worthy of a national capital. A lot of industrial facilities were removed from LeBreton. The E.B. Eddy plant is gradually being phased out. The railway tracks have been taken away from parts of the downtown core. Yet this is a heavy industrial facility that will form the gateway, with Parliament Hill and the Peace Tower being the other major landmarks in the area. I can tell you that 400 feet is awfully high.

The dioxin question is not sorted out. The plume from the plant will fall on my constituents in Dalhousie ward in the winter, and in the summer it will land smack dab in the middle of Parliament Hill when tourists from the United States and abroad are there to watch the changing of the guard. Residents have also raised the question of traffic, which will peak at 100 trucks per hour between 2 p.m. and 3 p.m., the time when little children are coming home from school.

The plant will impinge on the future development of LeBreton Flats, which is seen as an inner-city, residential redevelopment, a model for the country. I have a feeling that private developers in particular will be extremely wary about going into the area if they have this big industrial plant with all of the other question marks it raises in its wake sited right next to there.

The impact on the community in straight dollar terms has not been factored into the economic viability. There are at least 2,000 or 3,000 homes in the immediate vicinity. If the average reduction in the property values of those houses was \$10,000 for each, that would mean an added cost of \$25 million. If you factor that into the overall cost, it certainly will hurt the economic viability of the plant.

I would like to ask four specific questions of you, minister. First, will you now acknowledge that there are very serious concerns on the part of the community, which go far beyond a "not in my backyard" syndrome, and that putting a plant of the this size and scope which, among

other things, will tower 400 feet above ground level in an area that is only 600 feet from the closest residential areas and in the kind of scenic location I have indicated has very serious consequences?

Second, will you guarantee that the Ontario Energy Corp. will be neither a proponent nor a supporter of this particular plant? Third, will you go further and guarantee that your ministry will do everything in its power to ensure that no energy from waste plant will be sited or located in LeBreton?

Finally, should there be any further movement in this area, will you undertake that citizens in the community will be provided with funding to ensure that they can participate, that they can hire expertise, that they can, if need be, go and review other sites where energy from waste plants exist, and they, therefore, can be enabled to participate more effectively in the process?

These are the four specific requests I would make: first, acknowledge the concerns; second, guarantee the Ontario Energy Corp. will neither be a proponent nor a supporter; third, guarantee the ministry will do everything in its power to prevent this plant being located in LeBreton; and, finally, undertake to ensure that funding will be provided to citizens if there is any further step forward on this proposal.

Regarding Coventry Road, many of the questions I have raised apply there and I would hope the guarantee of funding, at the very least, would be undertaken there. I also think citizens in the area need to be alerted to what the devil is going on because they effectively have had no realistic input at all, because that has not been seen and because the site of the plant was due to go into LeBreton.

Hon. Mr. Andrewes: I will comment briefly on the four questions Mr. Cassidy posed to me. It is fair to say we can acknowledge the serious concerns he has drawn to our attention. On the second question of the guarantee that OEC be neither proponent nor supporter, I am not aware OEC has been involved in this discussion at this point at all. Unless an approach is made to them, I am assuming this is a proposal being made by the region, by the municipality and by the Department of Public Works.

Mr. Cassidy: With respect, your ministry either funnelled or provided 70 per cent of the cost of the million-dollar feasibility study. Let me broaden that to say that the ministry, as well as the Ontario Energy Corp. will neither be a proponent nor a supporter.

Hon. Mr. Andrewes: The ministry, generally, is not a proponent in projects like this. It is not really in our purview to be proponents. These things have to have local support. They have to have a proper structure in terms of being economic and being reasonable with respect to landfill.

As to the third question, the role of this ministry in terms of viewing these projects must be that this type of waste management has been successful, certainly in Europe. As to the situations you have cited where citizens' groups were sent to view other sites in North America, perhaps you have exaggerated to some extent the question of their being disastrous. The solid waste reduction unit had some problems in the concerns about dioxin. As I understand it, these concerns are being addressed and an attempt is being made to determine how that can best operate with that concern being part and parcel of the operation.

As to your final point, that the citizens be provided funding, I cannot guarantee you that. It is basically a policy of the government that we do not provide funding. If there is a hearing before a consolidated hearings board or the Environmental Assessment Board, the boards have it within their power to assess costs. If it does reach that stage, I assume that submission can be made by the citizens' groups and they can seek those costs at time.

Mr. Cassidy: May I conclude with two short questions? Do you consider this project as a desirable project if it were to be sited in LeBreton Flats? That is my first question.

Second, could you give to the committee an update of any initiative you know of that is being taken or planned which would take the project beyond the present stage where a feasibility study has been prepared and delivered to the people who commissioned it?

Hon. Mr. Andrewes: I will ask Dr. Higgin to answer the second part of your question.

As to asking my opinion whether it is a desirable siting, what difference does it make what I think about it? It is what the people in the area think about it. That is the concern that can be brought forward in a proper forum, if the proponents feel they want to move it forward to that forum.

Mr. Cassidy: But do you consider it desirable—

Hon. Mr. Andrewes: I do not live there, Mr. Cassidy.

Mr. Cassidy: I am asking you as the minister if you consider it to be desirable. I think that is

important, because it can give some indication to possible proponents as to whether or not they are going to have the blessing of the ministry in this.

Hon. Mr. Andrewes: I think you are asking me an unreasonable question. I have never been to LeBreton Flats. I think those questions are properly raised at a public review.

Mr. Chairman: Dr. Higgin, will you answer the second question, and that will be the wrap-up. I have been very lenient.

Mr. Cassidy: I appreciate your leniency.

Dr. Higgin: Mr. Chairman, maybe I should just add one point to the first question. The consultant's report Mr. Cassidy is referring to has been reviewed by the project manager and by the executive committee; it was another stage in the project. The project manager's report, which is the final document that was put before the region of Ottawa-Carleton and the Department of Public Works, does point out:

"Socially, Coventry Road offers better access and major roadway network, minimum impact on local community, regardless of the community perceptions, more effective buffer zones," etc. It goes on to say: "The work done at Coventry Road would appear to indicate that Coventry Road would be the preferred site." In this matter, though, as the minister said, it is up to the proponent, whoever that may be, to make the decision. But the project manager's report has been endorsed by the executive committee.

I would correct you about the cost-sharing arrangements. Indeed, the Ministry of Energy paid one third of the costs and the federal government paid approximately 50 per cent of the costs between recoveries under the Canada-Ontario agreement and also as a direct contribution from the Department of Public Works.

With respect to the next step, the next step is very simple. The next step is for the proponents and the people who have invested in this definitive study to consider the recommendations of the project manager with respect to

implementation of the project. I would add that the Ministry of Energy's role has been and will continue to be facilitating the examination of all aspects of the project and facilitating meeting the needs of the region, the Department of Public Works and the local community through their representatives.

I would have to disagree with you. You indicated that politicians at all levels of government have come out against the project. Indeed, that may be the case individually, but no official response has been forthcoming from either the government of Canada or the regional municipality of Ottawa-Carleton, which are the two bodies most involved in this project.

Mr. Cassidy: I accept that.

Dr. Higgin: The next stage is for them to consider the recommendations of the project manager and the executive committee that was appointed in this regard.

Mr. Chairman: Thank you very much, Dr. Higgin.

Mr. Cassidy: Mr. Chairman, just for the record, Dr. Higgin did not say whether there is a proponent. He missed out of replying to that question. Is there now or—

Mr. Chairman: Mr. Cassidy. I think we have—

Mr. Cassidy: Could we just have an answer to that question, a yes or no?

Mr. Chairman: I think he gave you an answer. If you are not satisfied with the answer, I cannot help that.

Mr. Cassidy: Thank you, Mr. Chairman.

Vote 2002 agreed to.

Vote 2003 agreed to.

Mr. Chairman: This completes consideration of the estimates of the Ministry of Energy.

Next week at 10 o'clock, the Ministry of Labour.

The committee adjourned at 3:43 p.m.

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McLean, A. K.; Chairman (Simcoe East PC)
Watson, A. N. (Chatham-Kent PC)

From the Ministry of Energy:

Burdette, E. H., Vice-President, Finance, Ontario Hydro
Campbell, P. G., Executive Vice-President, Operations, Ontario Hydro
Higgin, Dr. R. M., Executive Co-ordinator, Alternative and Renewable Energy Group
Holt, A., Director of Fuels, Ontario Hydro
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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Labour

Third Session, 32nd Parliament
Wednesday, November 16, 1983
Morning Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 16, 1983

The committee met at 10:06 a.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR

Mr. Chairman: I call the meeting to order. We have 22 hours to deal with the estimates of the Ministry of Labour. What we would like to do is use 17 hours on labour and five on women's issues, if that is agreeable. It is agreed already? All right; I confirm it.

Mr. Mackenzie: Mr. Chairman, it would make it a lot easier for some of us if we could have agreement as to the day we might do the women's issues.

Mr. Chairman: We have a schedule and I believe it is December 7, from 10 a.m. to 12:30 p.m. and from 2 p.m. to 4:30 p.m., five hours. We will be sitting today, on November 23 and November 30. We will be sitting for six hours today, six hours on November 23 and five hours on the November 30. There are then five hours on December 7. Is that okay?

Mr. Mackenzie: That is fine.

Hon. Mr. Ramsay: Mr. Chairman, ladies and gentlemen, I have bad news and good news today. The bad news is I have a fairly lengthy statement. The good news is I have a very sore throat I have not been able to shake it. I am not sure whether I will be able to finish.

Mr. Mackenzie: Is it true it is 240 pages long?

Hon. Mr. Ramsay: No, that is an exaggeration. It is 226.

Mr. Mackenzie: Have you timed it? How many hours are we thinking of?

Hon. Mr. Ramsay: I am thinking of a little less than a minute a page because it is large type. I would say about 200 minutes, divided by 60. That is a little over three hours.

Mr. Mackenzie: It was three hours last year. It is getting a bit better this year.

Hon. Mr. Ramsay: I have to tell you before I get going that we did have the objective of reducing it; we really did.

I welcome this opportunity to come before you to present for your consideration the 1983-84 spending estimates of the Ministry of Labour and I look forward to a positive and con-

structive discussion over the next several weeks.

As in the past, I propose to present to you a full accounting of the ministry's work on behalf of the people of Ontario. To help me in this and to assist the committee in its deliberations, we will have on hand the senior staff of the ministry, some of whom I would like to introduce at this time.

To my left is the assistant deputy minister for program analysis and implementation. Moving farther left we have Dr. Ann Robinson, the assistant deputy minister for occupational health and safety.

Mr. Mackenzie: Is there any reason why you did not name the first ADM?

Hon. Mr. Ramsay: I said "to my left."

Mr. Mackenzie: It is my mistake.

Hon. Mr. Ramsay: I am starting here, then going to Dr. Robinson and then to the executive director of finance and administration, Rita Burak. In the back of the room is Bob Cohen, the director of our communications area. The deputy minister, Tim Armstrong, will be joining us in approximately an hour. He is at the dentist at the moment. Vic Pathe had hoped to be with us today but he has a priority item which I think you would probably agree with, Mr. Mackenzie, and he will be with us later on, as will Brian Goodman, the executive director of the occupational health and safety division.

10:10 a.m.

I am confident that you have found their contributions helpful in previous proceedings and I know they are looking forward to this examination of the ministry's policies and programs.

Last December I had my first opportunity as Minister of Labour to present the ministry's estimates to the standing committee on resources development. At that time I said that as Minister of Labour I consider myself to have two principal obligations.

First, I have the obligation to sustain, consider and enhance policies and programs that will improve the condition of the working men and women of Ontario, approximately 4.5 million people comprising almost 38 per cent of Canada's labour force.

Second, as I contemplate any new initiative I have the obligation to try to balance the often opposing perspectives of labour and management and to ask myself whether what is being proposed is consistent with the ministry's goal of enhancing fairness, equity and security in the work place and whether the particular objective can be achieved without jeopardizing the balanced growth of the economy, upon which employment, worker prosperity and wellbeing ultimately depend.

In this opening statement, I propose to amplify my thinking of those obligations. I also propose to demonstrate how the Ministry of Labour is meeting them in a vigorous and responsive way.

Since last December there has been perceptible positive change in Ontario's economic situation. At that time, inflation was 9.3 per cent on an annualized basis. Most recent data indicate it is now five per cent. Last December, the seasonally adjusted unemployment rate was 12.1 per cent. Today it is 9.4 per cent.

While these movements are encouraging, the fact remains that in October 387,000 men and women were unemployed in Ontario. That is unacceptable.

So even though we are receiving some hopeful signals and even though remedial government policies are clearly making an impact, we are not out of the woods. We continue to face a challenge in both the immediate term and in the longer term that is as significant as any in the history of our province and country.

Mr. Mancini: Mr. Chairman, on a point of privilege: I would just hope that in the future we would be able to get a copy of the minister's statement while he is reading it, so that we can underline passages. It is extremely extensive; over 150 pages.

Hon. Mr. Ramsay: I do not have any real problem with you doing that. I think we can do that.

Mr. Mancini: Thanks, it is appreciated.

Mr. Mackenzie: It makes it easier to follow. It is entirely up to you.

Hon. Mr. Ramsay: No, I want to be co-operative. I do not see any reason why we cannot do that.

Mr. Chairman: Continue.

Hon. Mr. Ramsay: If we are going to meet that challenge, we will require new levels of co-operation and understanding among labour, management and government.

The activities of the Ministry of Labour and

the independent agencies, boards and commissions for which I as minister am responsible are dedicated to helping create the stability and trust that are basic to co-operation and understanding.

This is true of the four major legislative programs: labour relations, both through the work of the Ontario Labour Relations Board and that of the conciliation and mediation service; employment standards, human rights, and the largest program, that related to occupational health and safety. It is also true of the nonlegislated programs concerning manpower, employment adjustment, handicapped employment and the quality of working life.

Individually they demonstrate different approaches: mediation, information dissemination, provision of advice, promotion and enforcement. None the less, all of these various actions serve to reinforce the rights of workers and to provide a framework of mutual acceptance within which the enterprise partners in our economy can begin to collaborate to meet the challenges of foreign competition and new technologies.

Mr. Chairman: Are you on page 6?

Hon. Mr. Ramsay: I am just starting page 7, which is industrial relations, for those who wish to find the appropriate spot. I will pause for just a moment and let you do that.

As I suggested a moment ago, the ministry's efforts in the industrial relations field are dedicated to helping reconcile labour-management differences and helping to sustain and enhance the considerable framework that has been built in this province for facilitating reconciliation.

The efficient operation of private enterprise and public services depends to a very great extent on the quality of labour-management relations. The primary objective of the ministry's industrial relations division is to promote greater industrial stability in Ontario. The division offers assistance not only in the resolution of collective bargaining disputes but also in the settlement of grievances and more fundamental relationship problems during the term of the collective agreement.

On a more general level, the division has been instrumental in encouraging industry-wide dialogue between senior labour and management representatives in several different sectors of the economy. In my remarks today, I want to touch briefly upon each of the major program areas in the division.

Traditional dispute resolution assistance in

the collective bargaining process is provided through the Ontario conciliation and mediation services. The staff of the OCMS fulfils the statutory responsibilities for conciliation under the Labour Relations Act and also serve in the voluntary mediation process which is offered to parties following conciliation.

The Labour Relations Act is the foundation for most collective bargaining relationships in Ontario. It is my impression that the practices and procedures under this legislation are, generally speaking, endorsed by the labour-management community. I believe the practitioners of collective bargaining recognize that the system has proved to be responsive to their objectives and aspirations.

Conciliators and mediators play a vital role in the collective bargaining process, bringing their extensive knowledge of settlement trends, objectivity and a spirit of compromise to parties who have become immobilized by conflict. At no time has this positive influence been more urgently required.

During the past two years, Ontario has endured the most hostile economic environment in half a century. I do not propose to recite the same discouraging figures with which I know you will all have become painfully too familiar. While there are hopeful signs that a lasting recovery is now in progress, the recession has left us with a legacy of business failure, reduced industrial activity and unemployment. The recession, given its duration and depth, has been a sobering experience for all the major players in the collective bargaining process.

Our society has become accustomed to a fairly consistent trend of economic growth. Continuing prosperity has afforded the trade union movement and the business community the luxury of pursuing their respective self interests with little regard for each other's position. Our experience led us to believe that the capacity of the economy to bear the consequences of collective bargaining was infinite. In short, the parties have been rewarded by their conflict and, understandably, have been somewhat reluctant to modify their strategies at the bargaining table.

On a routine basis, our mediators are involved in disputes in which the survival of the enterprise is at stake. Many employers have been forced to resist significant compensation increases and to seek relief from restrictions governing such matters as work scheduling, temporary transfer and the application of seniority. In turn, trade unions are struggling to protect the job

security of a membership that has diminished sharply during the recession. The possibility of prolonged and bitter conflict in the circumstances is very real. Our mediators are helping to guide parties through this difficult period of transition.

If any positive development is to be found, once the forces of economic adversity have receded, it may be a heightened awareness shared by labour and management of their common interest. There are modest indications that some employers and trade unions have acknowledged that their industries can no longer survive through blind adherence to the old adversarial practices.

The spirit of candour, a sense of common purpose and a desire to discover a more enlightened relationship seem to be emerging in some quarters. The ministry's mediation staff has a great opportunity and, I believe, an obligation to act as a catalyst in this process of attitudinal change.

I might say that 1983 has been a comparatively quiet year in bargaining. The number of collective agreement expirations is down substantially from 1982. We are, however, on the verge of another major bargaining year in 1984. Some 3,500 collective agreements will be open for renewal. These will include most major industrial sectors.

10:20 a.m.

For example, negotiations will be under way in such industries as mining, pulp and paper, transportation, retail food and construction. In addition, municipalities, transportation services, boards of education and boards of hospitals will be in bargaining. Thus, we anticipate a rapid escalation in the demand for conciliation and mediation services in 1984.

The construction industry, which is so vital to the economy of Ontario, is approaching a new round of bargaining. Negotiations in the industrial, commercial and institutional sectors are conducted on a province-wide basis every two years. In 1982, a monetary pattern was established early in the negotiations as a result of a settlement in the electrical trades.

None the less, other trades engaged in work stoppages of varying duration, the most prominent of which were the plumbers' strike and the insulators' strike. These two trades were attempting to achieve substantial changes to the language of the provincial agreements.

In 1982, special efforts were made by the ministry to monitor the construction industry

bargaining from the outset and in many of these negotiations the mediators were instrumental in facilitating a settlement. This early monitoring initiative will be conducted again this year. Once again, the Ontario conciliation and mediation services will make every effort to assist the various trades to conclude their negotiations without disruption to the industry.

While on the subject of the construction industry, I am pleased to report that the past year has witnessed the formation of the Construction Industry Advisory Board. This board is composed of six senior representatives from the building trade unions and an equal number of executives from contracting companies. Its mandate is to consider and advise the minister on matters of mutual concern to labour and management in the construction industry.

In recent months, a number of organizations representing construction contractors, building trade unions and the clients of the construction industry have presented submissions to me proposing changes to the Labour Relations Act. Some of the recommended changes are merely of a technical nature, while others have suggested more fundamental reforms.

If there is a common theme to these various representations, it is to underscore the serious difficulties confronting the organized construction industry in Ontario. I have referred these various submissions to the Construction Industry Advisory Board and I am awaiting its comments and advice.

Certainly, in the past, this government has been prompt to respond to weaknesses that have been identified in the statutory framework for construction industry bargaining. Once I have received the advisory board's comments, I will be in a position to determine whether any further changes are necessary or desirable.

In addition to its traditional role in the resolution of collective bargaining disputes, the ministry provides assistance to parties in addressing more fundamental relationship problems during the term of their collective bargaining agreement.

Under the general heading of preventive mediation, a number of different forms of assistance is available, such as guidance in establishing an ongoing labour-management committee, joint steward-supervisor training and the relationship by objectives program. I believe the current economic pressures have caused many parties to reassess their relationships. Preventive mediation offers a vehicle by which parties can overcome fundamental rela-

tionship problems that may embitter day-to-day relations and frustrate effective collective bargaining.

The industrial relations division also has been successful in promoting a dialogue between labour and management on an industry-wide basis. The ministry has participated in the formation of joint committees in four major industries. Each of these committees is composed of senior labour and management representatives and is bipartite in character. Our interest is simply to open a line of communications. It is for the employers and trade unions to decide what the substance of the dialogue should be.

In reviewing the record of these committees one can point to definite and tangible achievement. For example, in one committee the members agreed to a program of joint labour and management training in health and safety. Through participation on another committee, the trade unions have gained representation on a pension administration board, an objective that they had been unable to achieve at the bargaining table.

I would certainly be the first to commend these accomplishments. However, I cannot help but think that the greatest value of the industry-wide committee is simply to afford an opportunity for regular dialogue between the decision makers in the business community and in the labour movement. The ongoing exchange of ideas and airing of complaints lead to better personal relationships and, consequently, better collective bargaining relations.

The other major program agency within the industrial relations division is the office of arbitration. The primary responsibility of this office is to administer the grievance arbitration provisions of the Labour Relations Act.

As members know, work stoppages are not permitted during the term of collective agreements. Rather, prescribed arbitration is the mandatory method of resolving mid-contract disputes. Therefore, it is in the interests of industrial stability to ensure that arbitration remains an accessible and efficient method of determining labour-management disputes.

In 1979 the Labour Relations Act was amended to provide an expedited arbitration procedure that may be used by either party as an alternative to the arbitration procedures set out in their collective agreement. The expedited procedure provides for a hearing before a single arbitrator appointed by the minister within 21 days of request. Typically, an officer of the ministry is

assigned prior to the hearing to endeavour to assist the parties to settle the matter in dispute.

Experience to date with the new expedited procedure has been extremely impressive. In the first fiscal year after the amendment, approximately 500 applications for expedited arbitration were received. The volume has increased dramatically, reaching over 2,000 in the fiscal year 1982-83.

The settlement officers appointed under section 45 have been instrumental in resolving over 65 per cent of the disputes to which they have been assigned. The grievance mediation effort has been so successful that parties who are content to use the arbitration procedure under their collective agreement have, none the less, been requesting the services of a settlement officer on a voluntary basis. The rate of settlement in such voluntary assignments is exceeding 80 per cent at the present time.

Finally, as a result of the diligent monitoring efforts of the office of arbitration in those disputes that do proceed to a hearing, arbitration awards are issued within an average period of three weeks following the hearing. I believe the expedited procedure has made a significant contribution to more stable and harmonious labour-management relations.

Another important feature in section 45 of the act is the labour-management committee appointed to advise the minister in respect to persons qualified to act as arbitrators and on matters relating to grievance arbitration generally. One of the most important accomplishments of the committee to date has been the development of a training program to assist promising individuals wishing to enter the field of arbitration practice. The third annual program concluded in October.

The committee over the past year has been actively studying the matter of arbitration costs. Direct regulation of fees was considered, but the labour and management members did not reach a consensus in favour of imposing a schedule. The committee has, however, agreed that there would be merit in establishing a review procedure for dispute of arbitrator accounts. A recommendation to this effect has been communicated to the ministry and is currently under active review.

It is worth noting that expedited procedure is by its design operating to reduce the cost of resolving rights disputes. Approximately two thirds of grievances referred to arbitration under the procedure are settled without the need for a hearing. Moreover, whenever the dispute does

proceed to a hearing, the elimination of side members contributes to a reduction in the overall cost of arbitration. Finally, the section gives parties the option of requesting an oral decision to avoid the expense connected with the preparation of an award.

Moving on now to labour relations, as I have said, a healthy and stable collective bargaining system is a vital part of maintaining a dynamic and efficient economy and of providing the working men and women of this province with economic security and a productive and safe work environment.

The Ontario Labour Relations Board was established as the tripartite administrative agency to deal with the collective bargaining structure established by the Labour Relations Act. The board has three basic goals in meeting the obligations imposed upon it by the Labour Relations Act.

Its primary goal is to adjudicate all cases in a fair and creative manner and to provide effective remedies where appropriate. Its second goal is to settle or mediate as many cases as is reasonably possible. Its final goal is to dispose of all cases as quickly and efficiently as possible.

10:30 a.m.

The board is committed to treating the parties to the proceedings before it in a fair and even-handed manner and, as its record clearly demonstrates, it conducts its affairs with a very high degree of administrative efficiency while carrying a heavy load of hearings and doing justice to the parties who appear before it.

The board is composed of a chairman and 20 full-time and 26 part-time vice-chairmen and board members. It usually sits in panels of three with one board member representing management, the other board member representing labour and the third board member being the neutral chairman or vice-chairman, although in certain matters the chairman or vice-chairman may sit alone.

It is common for six and, with increasing frequency, seven or eight panels of the board to be sitting simultaneously, sometimes in different parts of the province. In addition to its legal/clerical staff, the board employs three senior labour relations officers under the direction of a manager of field services and 14 labour relations officers whose primary function is to settle labour relations disputes, thereby avoiding the necessity of litigation in formal hearings.

The board received 2,762 applications and complaints in this past year and, in addition to the 427 cases carried over from the previous

year, had a total case load of 3,189 cases in 1982-83. Of this total, 2,445 or 72 per cent were disposed of during the year. While it is generally thought that the board's primary activity is the adjudication of contested matters, most of the board's day-to-day case disposition is accomplished through the settlement efforts of its field staff.

The labour relations officers were assigned to 1,680 cases during the 1982-83 fiscal year. Of 1,384 completed cases, settlements were achieved in 1,213 or 88 per cent. This, I am sure you will agree, is a remarkable rate of effectiveness and illustrates the board's commitment to the amicable settlement, wherever possible, of the matters that come before it.

The prompt disposition of cases continues to be an important objective of the board's case management program. A median time of 27 calendar days was taken to process the 2,445 cases completed from receipt to ultimate disposition, which is an improvement of the median time for the previous fiscal year. The disposition of certification applications involved a median time of 25 days compared to 29 days in 1981-82. Complaints of contraventions of the act required 29 days compared to 31 days during the previous year, while construction industry grievances took 17 days compared to 18 days during the previous year. More than 80 per cent of all the board's cases were disposed of in three months or less.

The board's computerized management information system allows it to keep track of the progress of all cases and provides other valuable information to assist the board in managing both its case load and its resources more efficiently.

During the past fiscal year the Ontario Labour Relations Board was involved in the litigation of 10 applications to the courts for judicial review. Of these 10 matters heard by the courts, nine were dismissed and only one application was granted. However, on appeal from the decision of the lower court quashing the board's decision, the Court of Appeal allowed the appeal and dismissed the application for judicial review. Thus, as in previous years, the board continues to maintain its high level of success before the court.

In the past year the Ontario Ombudsman also conducted five formal investigations into complaints about the board and its processes and in all five cases the Ombudsman found the complaints to be unsupported.

This record, in my opinion, clearly confirms

that the Ontario Labour Relations Board continues to treat the parties to the proceedings before it fairly and in accordance with the rules of natural justice, while continuing to render decisions that deal effectively with the matters before it.

During the past fiscal year the board received 26 complaints under the Occupational Health and Safety Act alleging wrongful discipline or discharge of employees for acting in compliance with the act. Section 23 of the Occupational Health and Safety Act, which permits employees to refuse to perform work they reasonably believe to be unsafe, is a central feature of that act, and the board plays a key role in administering that provision.

Of all the cases dealt with by the board under the Occupational Health and Safety Act, including those cases carried over from the previous year, 12 were settled by the parties after discussions with labour relations officers. Two cases were dismissed by the board and two complaints were successful, with the board granting the appropriate remedies. Again, labour relations officers have played a vital role in assisting labour and management in the voluntary resolution of their health and safety disputes under this very important piece of legislation governing safety in the work place.

The board's reorganization of its field staff, which I discussed with you last year, has proved successful. The manager of field services and the senior labour relations officers have continued to develop their settlement program so they can now identify the tough cases and devote additional resources to their resolution. This program initiative by the board has resulted in a higher settlement rate in this past year.

As well, the board's expedited hearing program initiative to deal with illegal lockouts or illegal strikes has been well received by both management and labour and has enabled the board to respond quickly and effectively to end labour disputes. Indeed, the matter involving the recent illegal walkout by the employees of Brewers' Warehousing in the Metropolitan Toronto area was filed with the board late on a Friday morning. The board convened its hearing and issued its cease and desist order on the Saturday afternoon.

Not only has the board continued to keep its administrative processes working as efficiently as possible, but it is continuously faced with a new array of disputes that require imaginative and carefully reasoned responses. The board, following a lengthy series of hearings related to

the use of a security agency by an employer during a lawful strike, found a violation of the Labour Relations Act, awarded damages and issued a declaration of unlawful activity, a cease and desist order and directions to the security agency involved to give notice to any union that might be affected by its activity in relation to a strike or a lockout.

While the board's decision was far-ranging and dealt with the immediate case that was before it, the type of activity that was the subject matter of the complaint before the board prompted us to initiate and pass the amendment to the Labour Relations Act, Bill 62, outlawing the use of professional strikebreakers and making it clear that, as a matter of public policy, Ontario wants to see labour disputes ended through fair and meaningful collective bargaining, not through the use of professional strikebreakers or by having persons engage in strike-related misconduct.

The board has also recently dealt with complaints relating to the administration of trade union hiring halls and has in one case responded to violations of the act by requiring the union to develop and post rules relating to the referral of union members to work. The board also required the union to retain an auditor to inspect and review the operation of its hiring hall for a two-year period. The board ruled on the legality of employer responses to picket line misconduct by employees and has also dealt with an employer's duty during bargaining to disclose *de facto* decisions that will materially affect the trade union.

These decisions all indicate the board is regulating the bargaining process by providing guidance to both employers and trade unions, enabling them to engage in healthy and open discussions that will lead to fair and equitable collective bargaining settlements and, at the same time, discouraging the parties to a labour dispute from engaging in conduct that might be disruptive of the process.

The board's primary function is the resolution of disputes that arise under the Labour Relations Act. It discharges that function not only through the adjudication and settlement of those disputes, but also by providing information to trade unions, employers and the public about processes, decisions and procedures. The board's monthly report of decisions, its annual report of the year's activities and its monthly highlights provide the basis for persons interested in the board's activity to learn about it and

to come before the board well prepared to present their cases.

The board's multilingual pamphlets, which I spoke about last year, have received wide distribution. This year the board has produced a new pamphlet dealing primarily with unfair labour practice proceedings. Not only does the board provide information through the publication and distribution of this written material, but the legal staff of the board responds to telephone information inquiries. In the last six months it has dealt with more than 5,500 such calls.

The board has also played a major role in a seminar conducted by the Law Society of Upper Canada on the certification process. It sponsored a major seminar for its members and staff, to which several representatives from industry and labour were invited, that covered topics ranging from the tripartite structure of labour boards to the effect of the recession on labour relations. As well, the board is producing and using both English and French language forms. Both the Labour Relations Act and the board's rules of procedure are now available in French and English.

10:40 a.m.

Not only has the board taken several initiatives to make its programs and processes more accessible to the public and to provide more information to the public about them, but it is also developing the use of computer systems and modern office technology in the publication of its reports, in its library and in the administration of all its programs. With these innovations the board can continue to maintain its high level of service to the public and its efficiency in dealing with the matters that come before it within the financial limitations and restraints we must all share in these times in the face of an increasing case load.

Labour-management co-operation to address health and safety hazards in the work place continues to be a central principle in the government's approach to ensuring safe and healthy working environments. Before dealing with more particular issues, I should like to reiterate briefly the historical background of the present approach to occupational health and safety in Ontario.

In October 1979 a totally new Occupational Health and Safety Act was proclaimed. This legislation not only brought together existing provisions in predecessor statutes, but also contained a number of novel provisions. These included the establishment of mandatory joint

health and safety committees in a large number of work sites, the right of most workers to refuse to perform unsafe work, the right of worker representatives to accompany inspectors, worker access to health and safety information, and new provisions for the development of toxic substance control programs. A comprehensive set of new industrial, construction and mining regulations was also promulgated.

The fundamental theme of this legislation, which was based upon the principles enunciated by Dr. James Ham, was that an effective occupational health and safety program required employers and their workers to assume joint responsibility for the overall performance of the system by adopting mutually reinforcing roles.

The Occupational Health and Safety Act has now been in place for four years. Within that period of time, government occupational health and safety activities have been consolidated within the Ministry of Labour, as recommended by Dr. Ham.

Some of the honourable members from the third party have questioned the wisdom of the principle of joint responsibility, whether it is working and workable. During the last estimates debate I confessed surprise at this unhealthy scepticism and noted that only through labour and management co-operation, as opposed to confrontation, could health and safety problems be addressed in a thorough, efficient and equitable manner. I still hold firmly to this belief. That, of course, is not to say there is no part for government to play in this process. I will expand on that later in these remarks.

As honourable members know, the Occupational Health and Safety Act and its administration have recently been attacked in the report of the New Democratic Party Task Force on Health and Safety in the Work Place entitled *Not Yet Healthy, Not Yet Safe*.

The joint responsibility approach seems to be denigrated by the authors of this report because they contend there is an imbalance of power in favour of employers under the act. While it is true that under the statute it falls to employers to make a number of decisions and to take action with respect to health and safety issues, the task force fails to recognize that certain requirements are imposed upon employers before they may make those decisions and take those actions. Workers also have powers and duties that allow them to participate in developing sound health and safety programs in the work place.

It is a misconception that employers are the

final arbiters of health and safety issues. Employers are ultimately held accountable for workers' health and safety through ministry administration and enforcement, including prosecution where appropriate. The Ontario Labour Relations Board and arbitrators appointed under collective agreements are empowered under the act to consider complaints of intimidation and reprisal, and to order appropriate remedial relief.

In short, I continue to believe the Occupational Health and Safety Act is a strong and progressive piece of legislation. This is not to say it cannot be fine-tuned and improved. That notwithstanding, some of the recommendations contained in the NDP's report are helpful. In fact, some of the issues leading to the recommendations had already been considered within the division and action had been taken before the report was published. I have offered to have senior division staff meet with the task force or its representatives to discuss these matters more fully. In fact, some dates have been provided to the appropriate persons.

The present legislation applies to approximately five million workers in Ontario, practically the entire labour force. There are at least 167,000 working establishments in the province. Even if we were to increase our present field staff of approximately 300 substantially, it would, in a practical sense, still be unrealistic for government, aside from carrying out the mandatory functions such as investigating work refusals, to do more than periodically audit the performance of those with the major stake in the process—labour and management themselves. It is for this reason that the act creates an interlocking set of rights, duties and obligations on the part of workers, supervisors and management. The government has the responsibility to see that the parties fulfil their legal obligations.

Ontario is a leader in the occupational health and safety field. One of the key comparisons that can be drawn between Ontario and other jurisdictions to illustrate this point is the fatality rate in the construction industry. In the United States, the fatality rate per 100,000 construction workers dropped from 70 to 42 between 1972 and 1981. In Canada, the rate remained between 41 and 30 over the same time period. The fatality rate per 100,000 construction workers in Ontario dropped from 23 in 1972 to fewer than 12 in 1982.

Still on the subject of construction safety, it should be noted that of the 10 provinces in

Canada, Ontario had the second lowest lost-time injury rate, fewer than eight per 100 construction workers in 1981, the latest period for which figures are available.

In the mining sector Ontario also compares favourably with other jurisdictions. For example, in 1981 the fatality rate per million man-hours worked for Ontario was 0.12, while it was 0.13 in Sweden and 0.24 in the United States.

I should also point out that the number of occupationally related fatalities in Ontario has decreased from 123 in the 1979-80 period to 79 in the 1982-83 period. While the lower rate in the most recent period probably was influenced by the economic recession, the sharp reduction in fatalities was not solely attributable to it.

Several other indices also support the proposition that Ontario work sites are becoming safer. For example, the number of fatalities per million man-hours worked in all Workers' Compensation Act schedule 1 industries decreased from 0.05 in 1980 to 0.03 in 1981. Similarly, the rate for compensated lost time work injury cases per million man-hours in the same group of industries decreased from 31.17 in 1980 to 24.53 in 1982.

Of the 71,200 establishments administered by the industrial health and safety branch, 53,687, or 75 per cent, did not record even a single lost-time accident. Furthermore, the percentage of inspections where not a single contravention was found in an industrial establishment has climbed to 79 per cent in 1982-83 from 73 per cent in 1981-82.

I am very encouraged by these trends. In my view it is clear that the legislation in place in the province, which relies on the joint responsibility approach, is for the most part working well and nurtures a system that benefits workers and ultimately enhances productivity.

A major organizational change was made within the division last year. It was determined that because of the greater public interest in health and safety issues and the resultant increasing demands, an additional level of responsibility was required at the senior level to ensure the day-to-day program delivery and the operational needs of the division and its clients were being met and that strategic planning could proceed in an effective manner.

Since the middle of January 1983, the division has had an executive director responsible for operational activities. Incidentally, he was not here when I attempted to introduce him earlier but he is here now, Mr. Brian Goodman. The executive director collaborates with the branch

directors to examine the policies and procedures of the line branches to ensure rationality, unity and even-handed administration across the branches and throughout the province.

10:50 a.m.

Recently two important units were established. The strategic policy unit reports to the assistant deputy minister for occupational health and safety, who is now responsible for strategic policy and relations with outside organizations. The program development unit reports to the executive director.

The strategic policy unit has responsibility for, among other things, providing advice on the toxic substances that need to be controlled, such as carcinogens and substances that pose a reproductive hazard, and devising appropriate control strategies. Should the chosen control strategy be designation, that strategy is developed by appropriate studies and the preparation of a regulation by the program development unit through a process I will outline in a moment.

A decade ago the emphasis in this and other jurisdictions was on safety rather than health. Over this past decade the shift in emphasis and concern has been dramatic. It has been prompted by a growing awareness of the vast number of biological agents and chemical substances in the work place and concern for their effects. This government has responded to this concern by developing and adopting strategies to protect the health of workers from the potential impact of toxic substances.

As the members of this committee will know, much of the ministry's efforts to ensure the control of worker exposure to hazardous substances has been directed towards the development of designated substance regulations provided for in subsection 41(2), paragraph 14 of the act.

The process and procedures used to develop these regulations demonstrate the ministry's efforts to involve interested members of the public. Since occupational health regulations have profound implications for labour, industry and public institutions, a concerted effort has been made to obtain the participation of as many interested groups as possible.

The process used for the development of a designated substance regulation has five identifiable phases.

1. The assembly of background information and preliminary consultations with interested parties;

2. The publication of a notice of intent to

designate, and the subsequent receipt and analysis of comments from interested parties on the intention to designate;

3. Where appropriate, the publication of a proposed regulation followed by the receipt and analysis of further comments from interested parties;

4. The holding of an open meeting at which the changes that have been made to a proposed regulation are explained and additional input is sought and subsequently considered; and

5. The review of the proposed regulation by the Advisory Council on Occupational Health and Occupational Safety and the ultimate submission of the regulation to cabinet.

In the case of the substances that have already been regulated and those for which proposed regulations are being published, the practice has been for the ministry to assemble the background material that it has collected and to place it on deposit in the Toronto and district offices of the ministry.

In the case of substances for which notices of intent have been published, studies have been undertaken by consultants. These materials are also available for public review. The consultants, in developing their reports, consult interested parties and solicit their views on the need for a regulation and its possible impact.

There are currently six designated substance regulations in place: for lead, asbestos, mercury, vinyl chloride, coke oven emissions and isocyanates. The latest of these regulations, pertaining to isocyanates, was filed on July 15, 1983. I should point out that two further regulations, one dealing with silica and the other with noise, will be promulgated in the near future.

The Advisory Council on Occupational Health and Occupational Safety submitted its advice on the silica regulation in September 1983. The ministry is preparing a response to the points raised in the advisory council's document. It is expected that the silica regulation will be filed with the registrar of regulations later this month.

I was pleased to note that in its memorandum of advice, council complimented the ministry for the consultative process followed by it in the development of the regulation, adding that the proposed regulation benefited from the process employed.

I now wish to say a few words about the ministry's proposed noise regulation. In January 1983, the advisory council forwarded to me a memorandum containing the results of its review of the processes leading to the development of the noise regulation. As a result of the points

raised in this document and consultations with my own officials, it was deemed desirable for certain of the highly complex technical matters under consideration to be addressed by a tripartite special advisory committee.

This committee is chaired by Mr. Kevin Burkett of the Ontario Labour Relations Board and has two additional members, Mr. Ken Valentine, formerly with the United Steelworkers of America, and Mr. Norman Lockington, manager of occupational health with Dofasco. The committee's expert technical adviser is Dr. Edgar Shaw of the National Research Council of Canada.

The special advisory committee has received 67 briefs to date and will share its draft report with interested parties prior to submitting its final recommendations to me later this year.

I wish to assure all members of my sincere commitment to put into place an appropriate and effective noise regulation at the earliest opportunity. I should also point out that my officials are considering an optimal regulatory strategy to protect truck drivers and construction employees who are exposed to noise while at work.

Mr. Mackenzie: If I could ask a question for a moment—not a detailed one, because we will not be responding initially to this brief in the work we have done ourselves—when you say you have received 61 or 67 briefs, whatever the figure is, can we get a breakdown of who those briefs were from?

Hon. Mr. Ramsay: Sure. We would be happy to do that for you. Would you make a note of that, please? We will get that to you right away.

At about this time last year, I published two notices of intent to regulate eight additional substances. Comments were requested by January 13, 1983, in relation to the possible designation of acrylonitrile, arsenic, benzene and formaldehyde. This deadline was subsequently extended, upon request, to the end of February. The period for comments on the remaining four substances, namely, cadmium, chromium, ethylene oxide and styrene, ended on March 15, 1983. A total of 227 briefs was received, which in my mind is a testimony to the success of the open and consultative process for developing occupational health regulations.

An additional 102 briefs were received following the publication of the proposed regulations for formaldehyde, benzene, acrylonitrile and arsenic in late July and early August 1983. During the second and third weeks of October, public meetings were held to discuss a number

of changes that had been made to these regulations. From all accounts, these meetings were well attended and produced much useful interaction.

The information gleaned from these meetings, as well as from the further briefs subsequently received, is now being carefully considered before the proposed regulations are deposited with the advisory council.

Members will also be interested to know that health effects documents for cadmium, chromium, ethylene oxide and styrene have been received and that appropriate control strategies for these substances are being developed.

In addition to the 16 substances for which regulations have been dealt with or are in progress, the ministry is reviewing its priority list of approximately 82 additional substances that may require further regulatory initiatives. In many cases, background materials have already been prepared for these agents. It is expected that decisions will be made in the next fiscal year with respect to which of these substances might be candidates for designation.

Some members of the third party have been critical of the time taken by the ministry to designate toxic substances. I do not deny that the process is a time-consuming one, but this is in large part a function of the open and consultative approach used to develop these regulations. This process is essential to obtain the best possible advice from those who will be affected. This participation encourages understanding and ultimately acceptance of the resulting regulations. My officials do continue, however, to give active consideration to the development of generic policies for the control of different cases of substances.

11 a.m.

By this approach, a group of substances with similar characteristics, be they related to chemical composition, nature of health effects produced or some other factor, would be regulated under the umbrella of a single regulation. A strategy of this sort becomes particularly desirable when one considers the large number of substances that may pose hazards to workers.

In this regard, my officials have already undertaken discussions with various industry groups on the desirability of a generic regulatory policy, where feasible. Similar meetings will shortly be undertaken with labour groups. I am awaiting the advice of my advisory council on the subject of carcinogens. Undoubtedly, that will be of assistance in this complex and ever-changing area.

I believe it would also be appropriate to comment briefly on the ministry's activities with respect to the implementation of designated substances regulations and the steps taken to provide labour and management with a proper understanding of their responsibilities under the regulations.

Honourable members may be interested to note that it is anticipated that once the first two groups of designated substances regulations are in place, at least 150,000 work sites will be covered by these regulations. Much of this increase will be attributable to the enactment of the noise regulation.

As new toxic substances regulations are developed, there is an inevitable time lag between the filing of the regulation and full implementation. The requirements for assessment control programs and the resolution of disputes that may arise between the parties will demand considerable attention from division inspectors and managers.

The administration of the act, with its industry sector regulations and an increased number of designated substances regulations, will require lengthier and more complex cyclical inspections, a larger number of special and follow-up inspections and more frequent ministry consultations with labour and management with respect to the requirements of each new regulation.

Ministry inspectors must be appropriately trained to explain to the affected parties the health effects produced by each designated substance, the processes in which the substance is found, as well as the engineering controls and monitoring procedures that must be implemented to protect the health of workers. In the case of the isocyanates regulation, a videotape was prepared as a training aid for divisional staff and was sent around the province, accompanied by a technical expert to answer questions.

To facilitate the implementation of these regulations, my officials have taken a number of concrete steps. First, companies that are known to use a substance that will become subject to regulation are notified shortly after the regulation in question has been filed. This step is taken to ensure that both the employer and the joint health and safety committee are aware of the new regulatory initiative and have taken steps to carry out a work place assessment.

I should also point out that a booklet dealing with designated substances in the work place is being prepared and is currently being used to train inspectors on the administration and enforcement of the new regulations. The guide

is being reviewed by the inspectorate and senior staff and will be released shortly to the public to help those parties to whom these regulations apply meet their obligations.

The contents of the general guide include an overview of the regulations in a question-and-answer format, a guide to conducting an assessment and a list of basic principles to be used to establish a control program. The general guide is to be supplemented by a series of booklets that will deal with particular substances. These booklets will summarize the salient provisions of a particular regulation and describe the health effects that may be associated with excessive exposure to the substance in question.

I also wish to remind members of section 21 of the Occupational Health and Safety Act. Under this provision, companies are required to notify the ministry when a new biological or chemical agent is manufactured, distributed or supplied within the jurisdiction for commercial or industrial use. Notifications are submitted to the director of the occupational health branch. There, a ministry toxicologist evaluates the data that has been supplied. Where a hazard to the health or safety of workers is believed to exist, further reports and assessments, as specified by the director, are required.

Ministry staff will also visit the establishments where the agents in question are to be used. To date, there have been 62 notifications, and refinements to the policies regarding the administration of section 21 are being implemented and affected parties notified.

On the topic of toxic substances, I wish to note that concerns relating to health hazards do not stop at the work place door. To address these concerns, my officials are collaborating actively with other government ministries in an effort to develop appropriate strategies to minimize or eliminate potential health hazards.

For example, the Ministry of the Environment has made increasing use of our scientific staff to provide expert advice on the risks associated with particular environmental pollutants. In fact, approximately half the time of our health studies physicians and about one third of the time of those working in the ministry's radiation protection laboratory has been taken up by requests from sister ministries, principally Environment, Health, Municipal Affairs and Housing, and the Ministry of the Solicitor General.

This demand will increase dramatically with the standard-setting program of the Ministry of

the Environment and the responsibilities placed upon medical officers of health in relation to occupational health once the Health Protection and Promotion Act is proclaimed in force. I also wish to note that many of our staff members serve on interministry and provincial-municipal task forces and related committees to deal with issues that have cross-jurisdictional implications such as lead in gasoline and the Junction triangle.

One of the most important initiatives in which ministry staff are participating is the work place hazardous materials information system project. The project evolved from a Canadian Association of Administrators of Labour Legislation Occupational Safety and Health Committee Task Force, which worked between September 1981 and April 1982 to establish a concept for a federal-provincial system of labelling hazardous substances used in the work place.

The task force report included a recommendation for a three-element information system. Labels on containers, the use of material safety data sheets and worker training programs as defined in the system form a triad that would provide for effective communications between the producers of dangerous chemical products and the users of these products. Such a system would provide employers, workers and health and safety committees with the basic information to protect the health and safety of workers.

The objectives of this national project are to consult with industry, labour and government and to develop the task force model into a uniform system based on minimum requirements that would be acceptable to all parties concerned. Industry associations and the Canadian Labour Congress were approached in June 1982 and agreed to participate. A project steering committee was formed with equal representation from labour, industry and three federal departments. Provincial governments participate by means of ex-officio membership.

Reporting to the steering committee are three tripartite working groups. The criteria working group has been meeting to define appropriate classes of hazardous materials and criteria for categorizing each class. The task of the information systems working group is to define minimum requirements for labelling, material safety data sheets and worker education. The cost-benefit analysis working group is to prepare a socioeconomic impact analysis of the effects of implementing the system.

Two additional consultation groups are planned; namely, the visual communications working group, which will deal with specifications for supplying labelling for hazardous materials, and the regulatory implementations subcommittee, which will address the need for complementary federal-provincial legislation to ensure effective implementation of the system.

Although I understand that work on the project has progressed well, due to the magnitude of the endeavours and its national scope and tripartite nature it is taking more time to complete than was originally anticipated. Concern for workers' groups to know and producers' rights to protection of trade secrets is very evident. There seems to be agreement, however, that an acceptable approach can be found to reconcile these conflicting rights.

The final report to the steering committee and its presentation to the Deputy Minister of Labour are expected before this time next year. I know my deputy and division staff are looking forward to receiving the report that will result from this ambitious and significant initiative.

The extension of the Occupational Health and Safety Act to workers employed in different economic sectors has received considerable attention from ministry staff. When the present act was being debated in the House, consideration was given to the form, structure and scope of the regulations that would govern health and safety in different classes of work sites.

Excluded from the application of the act were farming operations, teachers as defined in the Education Act and "a member or teaching assistant of the academic staff of a university or related institution." After taking the views of the parties into account, it was decided that a consultative approach should be taken to determine the precise manner in which the application of the act should be extended to the groups currently excluded. As a result, separate meetings were convened with the various interested parties.

11:10 a.m.

During the early discussions, it became clear that the different groups had distinct views on the type of regulations which were needed for their particular occupational categories and work places. The ongoing discussions have explored the various options which are available and have proved invaluable in preparing proposed regulations for teachers, firefighters and the health care sector.

Let me now deal with the regulations which

are under active consideration by my officials.

1. Teachers: At present, teachers are not covered under the Occupational Health and Safety Act, although the act does apply to other personnel employed in schools; for example, caretakers. Shortly after the act came into force, a committee was struck by the Ministry of Education to consider the feasibility of providing occupational health and safety protection to teachers, either under the Education Act or the Occupational Health and Safety Act.

In December 1980, the Deputy Minister of Education wrote to my deputy and indicated that agreement had been reached to begin the consultative process to bring teachers under the ambit of the Occupational Health and Safety Act. Shortly thereafter, a working committee was established. This body has met to prepare draft materials to be used in developing a special regulation for educational institutions. The committee consists of representatives from labour and management groups who would be affected by the extension of the act to teachers.

A proposed regulation has been prepared and discussed with the parties and my colleague the Minister of Education (Miss Stephenson).

2. University academics and teaching assistants: At present, university academics and their teaching assistants are not covered by the act, although the legislation does apply to nonacademic staff employed in universities. A committee has been established to discuss the particular needs of the groups involved. This group includes both university teachers and administrators.

The Council of Ontario Universities has submitted a statement on the subject to the ministry for comment. My officials have responded to this position paper by encouraging the committee to draft a proposal for a regulation extending the act to university academics and teaching assistants. It is anticipated that both groups will be included under the provisions of the Occupational Health and Safety Act during 1984.

Divisional staff are continuing preliminary work on a special regulation dealing with the unique health and safety issues faced by those working in educational institutions.

3. Farming operations: Farming operations are expressly excluded from the application of the act. As a result of discussions held with representatives from the agricultural sector, it was determined that while farmers recognize the need for occupational health and safety legislation they are divided on the question of

whether the Ministry of Agriculture and Food or the Ministry of Labour is best suited to administer the new regulatory provisions.

As a result, both ministries took the initiative to establish a task force on health and safety in agriculture to investigate and report on the most suitable approach for protecting the health and safety of farmers, farm workers and members of farm families engaged in agricultural work. The task force is chaired by Dr. N. R. Richards, former professor and dean of the Ontario Agricultural College, and has five members from various segments of the Ontario farming community.

Mr. Mancini: Mr. Chairman, may I interrupt with a question?

Hon. Mr. Ramsay: Please do; I welcome it.

Mr. Mancini: Specifically on this area of farm safety, has the ministry been calculating farm accidents? I see you had a considerable number of figures worked out earlier in your statement as to accidents in manufacturing areas—at least, I thought you did.

Hon. Mr. Ramsay: Yes. We did give you some figures and some percentages.

Mr. Mancini: Yes. I was just wondering what numbers we may have in regard to farm safety. I share the concern of many farmers about legislation concerning health and safety on the farm, since most farms are family operated and are run by members of the immediate family, possibly with a few outside hired individuals. I can think of other circumstances where that is not the case. Before we intrude on the family farm, I was just wondering if we could be provided with more information.

Hon. Mr. Ramsay: I am sure we can provide you with that. Would you like it now, or would you like us to get it for you? If we get it for you, we can organize it.

Mr. Mancini: Yes, that would be good. However, you do not have any off-the-cuff views right now?

Hon. Mr. Ramsay: No, but Dr. Robinson might.

Mr. Chairman: Dr. Robinson, do you have any information on this?

Dr. Robinson: Yes, Mr. Chairman. We have some very limited statistics at present. One of the aspects the task force will be concentrating on is getting good data on a prospective basis.

Mr. Armstrong: In addition to that, Mr. Chairman, I might say the farm workers are covered by the provisions of the Workers'

Compensation Act, as you know, Mr. Mancini. The Farm Safety Association Inc. and the Workers' Compensation Board have a good deal of detailed information on the incidence of accidents in the context of farming operations. That information is in published form and can be made available to you.

I appreciate your comment about the perils of intrusion. You did not say this; I am putting words in your mouth. This is an area where the accident frequency rates are such that I think an initiative of this sort is well worthwhile. I think a number of people are bothered by that.

Mr. Mackenzie: In fact, in terms of the board, is it not one of the heaviest accident rates?

Mr. Armstrong: To my understanding, yes.

Mr. Chairman: It is one of the highest premiums too.

Mr. Mancini: Are these stats related to the owners of the farms? For example, are you including a mushroom farm, which would be almost like an assembly line operation?

Mr. Armstrong: I believe they are very comprehensive. Of course, they will not indicate the identity of the owner, but they will indicate the categories, the types of farms, I believe. In any event, by this afternoon we should be able to provide you with what is available.

Mr. Mancini: The logic of having a health and safety committee when it is a family owned and operated farm probably would be hard to explain. However, advice and information to farmers on how they should be more careful when conducting their business is probably more helpful.

Mr. Armstrong: I think that is right. You have pointed to one of the reasons why the task force was felt to be necessary. Clearly, because of the unique nature of a farming operation, an act that was drafted primarily to cover an industrial work site may not be the most appropriate act. Therefore, it is that very question Dr. Richards and his colleagues are looking at and will be reporting on.

Mr. Mancini: As you know, I represent an urban and rural riding. We have quite a mix in Essex South. I have represented at the Workers' Compensation Board some farmers who have been injured. Basically, from what I can see and from the information I have received from farmers, at least in my particular area and surroundings, the injuries seem to affect the owners of the farm who, after working 12 to 14 hours, should probably stop and go back to the farmhouse and relax. But because of the nature

of the business, they either have to get it all done today or just cannot afford to get help and they push themselves to extremes.

I just thought that should be on the record.

Mr. Mackenzie: I assume, however, that the committee looking at it will not ignore the fact that one of the major purposes of Bill 179 was to pull the safety legislation together all under one section. There would be a grave danger in starting to fragment it again.

Hon. Mr. Ramsay: I recognize that. I will continue.

4. The health care sector: While health care facilities fall within the ambit of the Occupational Health and Safety Act, there are no particular regulations that apply to this special class of establishments. With a view to rectifying this situation, discussions have been held with various labour and management groups. It was ultimately determined that a draft regulation would be prepared with input from the parties.

A regulation was developed and transmitted to labour and management officials in June. The comments of the parties were solicited at that time. My officials are evaluating the submissions received. Meetings will be held with interested parties, including an open meeting, and further amendments may be made to the regulation before it is filed.

11:20 a.m.

5. Firefighters: The occupation of firefighting carries with it the inevitability of exposure to heat, flames, toxic substances and the hazards associated with falling objects and unstable working surfaces. Because of these inherent hazards and the fact that the act does not permit firefighters to refuse unsafe work, these individuals must rely on their protective equipment, operating procedures and work practices to provide the necessary measures of protection. Representatives from the labour and management groups involved in firefighting have been meeting on a regular basis to discuss the occupational health and safety concerns of firefighters and the need to draft appropriate regulations.

The working group has recommended that uniform minimum standards for protective equipment be implemented by way of regulation under the Occupational Health and Safety Act. Since the regulation will be limited in its application to firefighters, the group has been able to agree on the development of particular standards. To date, the group has discussed the topics of protective clothing, helmets and gloves.

On the committee's recommendation, Provincial lottery funds were employed to commission a study carried out by the Ontario Research Foundation with respect to turnout coats. In addition, the specification of appropriate respiratory equipment is being studied by the Canadian Standards Association.

The working group has reached agreement about uniform requirements for helmets. The regulation was prepared and distributed for comment and meetings were held with interested parties. On March 8, 1983, the standard was filed.

6. Police: Representatives from various police associations and labour groups, along with officials from the ministries of the Solicitor General and Labour, have been meeting on a regular basis to discuss the Occupational Health and Safety Act as it applies to members of police forces. It was agreed that as a first step a committee should be established under section 11 of the Occupational Health and Safety Act to oversee the application of this legislation to police forces. A special task of the committee will be to determine whether further regulations are required and, if so, under what act these provisions should be promulgated.

A police officer, Sergeant Paul Eddy of the Metropolitan Toronto Police department, has been appointed to assist police forces and their members in meeting their obligations under the Occupational Health and Safety Act.

7. X-ray technicians: Since 1969, X-ray safety has been regulated by regulation 855 under the Public Health Act. In 1977, responsibility for X-ray safety was divided between the Ministry of Health, which is primarily responsible for patient safety, and the Ministry of Labour, which is responsible for occupational health and safety. Both ministries have continued to operate under regulation 855 to the present time, but are now working on separate regulations for X-ray safety to reflect more clearly the existing division of responsibilities. Discussions have taken place between officials of the ministries of Labour and Health to ensure a co-ordinated approach in the regulation of X-ray safety.

The Ministry of Labour has developed a proposed regulation, distributed to interested parties in March 1983, for workers exposed to X-rays. Comments have been received and the regulation is being revised in the light of these submissions. The ministry plans to hold a public meeting later this year to review with interested parties a revised draft of the regulation.

8. Divers: Members will be interested to know that meetings have been held between my officials, underwater divers and representatives from companies engaged in diving in order to discuss the occupational health and safety concerns of these groups. As a result of these discussions, a diving council has been established under the auspices of the Construction Safety Association of Ontario to examine the appropriateness of using the Canadian Standards Association occupational safety code for diving operations in Ontario. The regulation drafted by this group was forwarded to the ministry in August and is currently being studied by division staff.

9. Oil rig workers: Finally, in conjunction with staff from the Ministry of Natural Resources, division representatives are developing, in consultation with the parties to be affected, a regulation dealing with the health and safety of workers on oil rigs.

I would be remiss if I failed to mention some of the steps taken to keep the current mining, industrial and construction regulations up to date. The ministry has established a mining legislative review committee under the able chairmanship of Mr. Cam Barrett.

This committee, which is made up of representatives of labour, management and the government, provides me with advice concerning the amendments required to the mining regulations. As a result of the last meeting, 74 refinements to the present mining regulations were recommended. A number of these have resulted from coroners' jury and prosecution experience. The resulting regulation was filed and gazetted in September.

The continued operation of the committee has provided Ontario with a mechanism to ensure that its mining health and safety regulations remain abreast of current technical developments. With a strong input from both labour and management representatives, the ministry's mining regulations have achieved a high level of acceptance and credibility and have become a model for legislation in other jurisdictions.

With respect to uranium miners, I would remind honourable members of the radon testing and abatement program under way in Blind River and the surrounding communities. This program, funded by various Ontario ministries and by the federal government, was developed to attempt to ensure the miners who commute to their jobs in Elliot Lake are not exposed to elevated levels of radiation in their homes.

In the construction sector the Ontario pro-

vincial labour management construction health and safety committee has submitted a number of recommendations for amendments to the regulations for construction projects. Their suggestions are currently being reviewed by divisional staff.

It should be obvious that the ministry welcomes the input of interested parties in refining and building upon occupational health and safety legislation. It is trite to state that no one group or agency has a monopoly of knowledge with respect to a field as complex and as emerging as occupational health and safety. In this respect, my officials count on the active support of outside constituencies to enhance the quality of the legislation that is developed. Only through the active co-operation of all parties can one hope to identify potential problems in an expeditious fashion and to address the issues constructively and thoroughly.

To date the ministry has received excellent support from outside groups and from members of the public. I am proud of and remain committed to the open, consultative manner in which health and safety legislation is developed in this province. Not only have representatives from labour, management and the public given freely of their time and resources with respect to the ministry's toxic substances program, but the participation of outside groups also has been important in the various tripartite committees established by this ministry.

I need only point to the excellent work of the Advisory Council on Occupational Health and Occupational Safety to emphasize that when different parties discuss health and safety matters in a common forum, with similar objectives in mind, productive results can be achieved.

I should also point out that the advisory council has established a new task force on the implications of advanced technology on health and safety in the work place. This committee will provide representatives from labour, management and the public with the opportunity to discuss this topic in an informed fashion and will make important recommendations to me.

Honourable members may know that in September the council transmitted to me its final advice on the hazards associated with the use of video display units. These units are probably the most visible element of the changing office environment brought about by advances in high technology. In my reply to council, dated October 11, 1983, I advised that while the ministry did not consider the available scientific evidence to be sufficiently strong to warrant regu-

latory action, my officials would continue to monitor the results of relevant studies so that early action might be taken in the event that evidence of a hazard to health is revealed. Copies of this reply were forwarded to the members who serve as occupational health and safety critics.

I look forward to receiving the council's advice on the ergonomic aspects of work on video display units. Once this advice is received and considered, the ministry intends to publish a pamphlet dealing with these units as an aid to interested parties.

If the division is to maximize the efficiency of its operations, there is no doubt that the joint responsibility system must work and, more important, must be seen to work. I am convinced that in the majority of work places in this province workers and management do successfully identify and control hazards so that individuals are not injured or harmed in the course of their work.

11:30 a.m.

Mr. Mackenzie: I wonder if we could have a simple explanation of the word "ergonomic." I think I understand it.

Hon. Mr. Ramsay: I have trouble pronouncing it, so I am not sure I can describe it.

Mr. Chairman: Maybe the deputy minister might.

Mr. Armstrong: The deputy minister is perhaps not as competent as others at the table, but Ann Robinson can clean up the mess after I have finished. It has to do with the physical factors associated with work and the various techniques that are available to alleviate the physical discomfort in this context, as opposed, for example, to any radiation hazards and health hazards that may exist.

Mr. Mackenzie: Are you talking about the long sitting?

Mr. Armstrong: I am talking about the posture, the equipment that is necessary to ensure posture does not suffer, that eye strain is not present and things of that sort.

Mr. Goodman: Lighting.

Mr. Armstrong: Lighting and matters of that sort.

Hon. Mr. Ramsay: In order to supplement the ministry's information on the operations of the internal responsibility system, the advisory council has undertaken a major project on the effectiveness of joint health and safety committees in organized and unorganized work places.

I am confident this important initiative will provide useful suggestions on how we may improve and build upon the internal responsibility system for controlling work place hazards.

The ministry is considering how best to ensure appropriate training for members of joint health and safety committees in this province. This is essential if the joint responsibility system is to work effectively. Senior staff of the division are working with the safety education division of the Workers' Compensation Board to provide a basis for greater co-operation among the accident prevention associations, labour organizations and the division in developing training programs for all parties in the work place.

Our inspectorate, aided by the occupational health and safety advisory service, headed by Cliff Baskin, is attempting to ensure that where committees are required under law they are not only in place but are performing their responsibilities in an appropriate manner. Poor industrial relations make for inadequate attention to health and safety concerns. This is exasperated during difficult economic times.

This past year saw further organizational change made to improve the work of the division. Cliff Baskin and his human relations assistants were relocated to the mediation and conciliation branch of the industrial relations division. There they will be able to draw on additional experienced staff to continue to serve the needs of the occupational health and safety division.

This past year the ministry has published a guide for joint health and safety committees and worker safety representatives. The guide both sets out the legal requirements for joint health and safety committees and provides guidance to assist these bodies in carrying out these functions. With more committees operating effectively, the inspectorate can concentrate more of its resources on problem areas.

One important way to encourage compliance with any piece of legislation is to promote greater awareness of its contents. In the field of occupational health and safety this can be achieved in part by educational programs directed towards employers and workers.

The ministry, labour organizations, safety associations, resource centres and colleges and universities have made great strides in this area. Since provincial lottery funding began in 1977, the ministry has given approximately \$7.8 million for manpower training and for the funding of resource centres. More than \$2 million is

being spent, particularly on worker training programs alone. About \$1.8 million of this has gone to the Ontario Federation of Labour for the training of worker representatives. By the end of June 1983 more than 4,700 workers had graduated from the OFL's 30-hour course for worker representatives. These representatives were trained by 335 instructors who had also obtained their credentials under the program.

In addition, more than \$2.5 million from the lottery allocation and over \$410,000 from ministry funds had been allocated to university level training programs to meet the requirement for professional workers in occupational health and safety. At McMaster University primary attention is given to diploma courses for highly qualified people already working in the occupational health area, and at the University of Toronto to post-graduate occupational health training for engineering and medical students. At McMaster and the University of Toronto courses are offered to undergraduates and members of the public.

More than \$400,000 has been given from the ministry's lottery allocation to the occupational health clinic at St. Michael's Hospital in Toronto and an additional \$147,000 was allocated this year from Ministry of Labour funds. This clinic works on the diagnosis and prevention of work-related disease, advises management on measures that can be taken in industry to improve worker health and provides a practical setting for medical students at the University of Toronto to gain expertise in the treatment of occupational diseases.

Over \$400,000 has been given from the ministry's lottery allocation in the form of student bursaries. Approximately \$675,000 has been allocated to other training programs to develop specialized courses in such matters as occupational health nursing, industrial hygiene and noise and dust control. Most of the work is done either in community colleges or by unions.

The ministry has undertaken other important initiatives in the area of training. This year the mining health and safety branch, in conjunction with the Mines Accident Prevention Association and in consultation with labour, is producing a series of instructional modules relating to the mining regulations. The modules are designed to illustrate the intent of the regulations and to explain what inspectors will look for during inspections. The modules also provide information on the hazards associated with equipment and techniques used in mining.

The ministry inspectorate audits the effec-

tiveness in the internal responsibility system through a variety of measures, including periodic inspections and special visits. Inspectors also hold meetings with the parties, and issue orders where contraventions of the legislation are observed, including stop-work orders if called for. Prosecutions may also be recommended where appropriate.

The division is placing increased emphasis on consultation with the parties to ensure that they understand what is being asked of them. In some cases, this involves senior levels of labour and management.

Last year I pointed out that in order to increase the effectiveness of its inspectorate in enforcing the legislation and to provide better service to its client groups, the industrial health and safety branch had conducted a review of its operations. The branch identified several ways in which program delivery could be improved. Of particular importance was the pursuit of the uniform administration of the act and relevant regulations by adopting consistent policies across the province regarding enforcement and compliance. I am pleased to report that these improvements are being implemented and are working well.

Other branches within the division are also examining their program delivery system so they, too, can improve their service to the working public.

Some of the honourable members of the third party have been critical of the number of repeat orders issued by inspectors. The industrial health and safety branch, which has responsibility for the majority of work places and workers in Ontario, has been taking more assertive action with respect to repeat offenders. The branch is conducting follow-up inspections to confirm compliance with orders issued and, in consultation with the parties, is placing time limits for compliance on many orders, especially those that call for capital improvements.

As part of the improvements to program delivery, letters advising compliance with orders will request the signatures of both labour and management representatives.

Last June in the Legislature the leader of the New Democratic Party made a statement criticizing the division's responses to recommendations made by coroners' juries. I tabled the ministry's detailed policy in the House and indicated I was satisfied that there is an appropriate procedure in place for responding to these recommendations. I also advised honour-

able members that the ministry continues to review carefully coroners' jury recommendations.

To illustrate, the recommendations advanced by coroners' juries in the last year will lead to the following matters being discussed by the mining legislative review committee: training, falling object protection, miners working alone, lighting, enhanced means of underground communications, and rules for shaft contractors.

The suggestion, therefore, that these recommendations are being ignored by the ministry is completely without foundation. Division responses are distributed to a wide audience, including health and safety committees, the Ontario Federation of Labour and safety associations. In this way those with a stake in health and safety can take effective action to prevent the recurrence of the conditions giving rise to fatalities.

11:40 a.m.

The division has recently implemented an improved prosecution policy that outlines the situations where prosecutions are to be considered. This policy is not intended to lay down inflexible rules. The decision to prosecute ultimately depends on the particular facts of a case. The policy does, however, provide guidance to the inspectorate and administrators.

During last year's estimates debates I spoke at length about the quantum of fines imposed by judges hearing charges under the legislation. Some honourable members may recollect that I reported on a Court of Appeal decision, the Cotton Felts case. The decision is significant because the Court of Appeal considered the appropriate factors for sentencing following a conviction for a contravention of the Occupational Health and Safety Act. The court endorsed the principle that the fine must be substantial enough so that it is not seen as a mere licence fee for illegal activity.

This decision has had a salutary effect, and trends appear to indicate higher fines are being imposed by provincial court judges. There have been a number of \$15,000 fines, a \$22,000 fine and one fine of \$20,000 plus \$10,000 court costs. In some cases these fines were for a number of contraventions of the legislation.

I would now like to turn to the area of research. In past years there has been considerable interest in the studies done either directly by the ministry or through the minister's lottery allocation. Since 1977 approximately \$2.5 million from provincial lottery funds has been awarded by the ministry to individuals or to

groups to complete research on various topics relating to occupational health and safety. In fiscal year 1983-84 the Ministry of Labour contributed \$33,000 to the Canadian Centre for Toxicology.

This centre will address the high priority need of this province with respect to toxicology. The types of services it can provide include education and training in toxicology for both professionals and the general public; research and development in various aspects of toxicology; and service and consulting functions. This centre should enhance the ministry's own programs in the area of control of exposure to toxic substances in the work place.

I believe it would be appropriate to highlight briefly some of the research now in progress. Early in 1983 Dr. David Muir of McMaster University commenced work on an epidemiological survey of silicosis among hard-rock miners in Ontario. This survey, which is funded by the Ontario Mining Association, the Workers' Compensation Board and lottery funds from the Ministry of Labour's allocation, will examine whether the incidence of silicosis and related disease outcomes can be related to the degree of exposure to silica. It is expected this important study will be completed in about three years.

On May 26, 1983, I made a statement and tabled in the Legislature a report entitled *A Study of Mortality of Ontario Miners, 1955-1977*. This study was co-sponsored by the ministry, the Atomic Energy Control Board and the Workers' Compensation Board. The results have been shared further with members in a briefing and with labour and management. The second phase of the study, sponsored by the same agencies, is now under way.

These are but two of the larger studies that are under way. While the challenges ahead in the health and safety field are formidable, I am confident the ministry's programs will contribute to a significant degree to the progress that has already been made in developing a safe and healthful working environment for Ontario workers.

Turning now to employment standards, as I indicated at the outset of my remarks, a sense in the community that there is equity and justice in the system is to all intents and purposes a pre-condition to the economic and social co-operation and understanding that Ontario and Canada need today and tomorrow.

In this regard, one of the most important responsibilities assigned to this ministry is the

establishment and enforcement of minimum terms and conditions of employment for workers in this province. As societal values and the needs and concerns of the work place change, we must ensure that the legislative and administrative response is reflective of these changes. Naturally, this objective necessitates not only an ongoing review of the current legislation, but the periodic revision of existing employment standards and the introduction of new employment standards.

Our approach to this task today, as in the past, includes the solicitation of the views of labour and management and the surveying and assessment of the corresponding enactments of other jurisdictions. Guiding us throughout is the knowledge that many of the most vulnerable members of our society depend upon the existence of statutory employment standards for their protection. This knowledge puts added pressure on those who administer these standards, particularly during times of economic difficulty such as we have experienced lately.

The matter of protection of claims for wages and entitlements, such as severance pay in cases of business failure, remains a particularly vexing problem. In June 1983, the government appointed a commission of inquiry into wage protection, under Donald Brown, QC. In the course of this inquiry, Mr. Brown is canvassing various possible measures within the jurisdiction of the province for securing the payment of wage arrears and other employee claims where financial difficulties have caused the employer to go out of business.

The closing down of an employer's operation in one location does not always mean the employer's business is discontinued and lost forever; it is sometimes part of a relocation of facilities to elsewhere in the province. The legal protections accorded workers who lose their jobs as a result of such plant closings have heretofore focused on financial compensation, such as severance pay, and on the requirement of advance notice of the impending loss of work.

Although these protections are important, it is recognized that they are not a substitute for alternative employment. Recognizing this, some employers voluntarily offer displaced employees a first call on jobs that are to be offered at their new facilities or that come open at their other business locations within the province. Others do not.

In response to this problem, I tabled a discussion paper in the House last June setting forth a proposal for establishing law in certain defined

circumstances. The proposal would make it mandatory for employers to provide preferential hiring rights to workers with five or more years of service who lose their jobs as a result of the permanent closure or the relocation of a business. We believe it would play a helpful role in reducing the anxiety that so often accompanies mass displacements. A number of comments have been received on the discussion paper and these are currently being assessed to determine how best to proceed.

Another initiative introduced in the House in June was a proposed amendment to the Employment Standards Act concerning the use of lie detectors. Use of this device is becoming distressingly common, and nowhere is the concern over potential abuse greater or more justified than in relation to the work place. Not only does the practice constitute an invasion of privacy, one that is likely to permeate the employment relationship with feelings of fear and mistrust, but on a more immediate level there is the problem posed by the fact that lie detectors are far from accurate, with the consequence that perfectly innocent persons are liable to incrimination.

Accordingly, I tabled Bill 68 last June to prohibit the use of lie detector tests in employment. As members know, this has been under consideration by the standing committee on administration of justice of the Legislature.

Mr. Mancini: I just want to tell the minister that from the briefs and suggestions we have received and from the tone of conversations made by some members of his party, I am not so sure he is going to be able to get it through his caucus.

Have you discussed this with members of your party? Do we know whether there are any amendments that may be brought forward?

Hon. Mr. Ramsay: I am very confident that my caucus will take the most responsible route in addressing this matter.

Mr. McKessock: The associations dealing with these devices have made some very convincing arguments that doing away with them could be infringing on the rights of the innocent, because in some cases people have used them to show their innocence rather than their guilt.

Hon. Mr. Ramsay: I am not sure whether we want to get into a discussion of that.

Mr. Mancini: The Liberal Party is in favour of the legislation. I do not think there is any other proper position.

Mr. Harris: I am sure the minister enjoys a considerable measure of support from his caucus. I have not found any dissent for anything the minister has brought forward.

Hon. Mr. Ramsay: I was not sure whether I should acknowledge that or not. I will do so later.

11:50 a.m.

As members are aware, the Employment Standards Act requires an employer to give an employee notice of termination when his employment is to be terminated. But because the cessation of the need for a worker's services cannot always be predicted with accuracy, the regulations under the act have provided that an employer who has given his employees notice may give them further work during the 13 weeks following the termination date given in the notice without thereby having to give them a fresh notice of termination.

Unfortunately, it would sometimes occur that this grace period would prove to be inadequate. For example, if during the 13th week the employer unexpectedly received a new order, he might have to turn it down if he were required to give the employee recalled to work on it a new notice of termination. The order might involve only two or three weeks of work but, if the employer had to give notice of termination all over again, it would be economically unfeasible to fill the order.

Because of this problem, the government introduced an amendment to the regulations under the act. It allows the director under the act a discretion to approve an employer's request for permission to provide temporary work for a fixed period beyond the 13 weeks following the termination date specified in the original termination notice and sets out a strict set of conditions that must be met before such a request can be granted. We believe, on the basis of our experience thus far, that this change has given a necessary measure of flexibility to the notice of termination requirements which will help advance the interests of employers and employees alike.

During the course of the past year, the ministry received reports indicating the possibility that there was widespread exploitation of home workers. The major area of concern was with respect to the garment industry and, in particular, those companies operating under schedules to the Industrial Standards Act.

Branch personnel, working in conjunction with the advisory committees established under those schedules, made the addressing of this

potential problem a priority. A campaign was launched to determine whether there was any foundation for the reports we had received. Steps taken in this regard included not only a full investigation but also the placement of advertisements in several newspapers, including most of the local ethnic press. These advertisements alerted home workers to their rights under the Employment Standards Act.

Turning now from policy issues to administrative concerns, I want to mention the efforts of the staff who enforce our labour standards legislation to improve the service that is provided to members of the public. The employment standards branch continues to experience a high volume of activity, with more than 600,000 telephone inquiries, some 27,000 interviews and 15,700 formal complaints received in the past fiscal year.

Mr. Mackenzie: If I can interject for a second, you made a comment about a full investigation and the placement of advertisements, but you made no comment as to whether you found there was any foundation for the calls and reports we had in terms of exploitation of home workers.

Hon. Mr. Ramsay: Where there were, Mr. Mackenzie, they were rectified.

Mr. Mackenzie: I take it then you did find some.

Hon. Mr. Ramsay: Yes, and they were addressed.

Mr. Mancini: Can you give me some examples?

Hon. Mr. Ramsay: Sure; we will get that for you.

Turning now from policy issues to administrative concerns, I want to mention the efforts of the staff who—I think I have just read that, it deals with the fact that progress has been made on the service front, but I am going to read it over again anyway because I think it is important. It is good stuff.

Turning now from policy issues to administrative concerns, I want to mention the efforts of the staff who enforce our labour standards legislation to improve the service that is provided to members of the public. The employment standards branch continues to experience a high volume of activity, with more than 600,000 telephone inquiries, some 27,000 interviews and 15,700 formal complaints received in the past fiscal year—many of those as a result of letters sent to my attention from members of the three parties of the Legislature, incidentally.

Mr. Mackenzie: That raises a serious question on labour relations in the province, doesn't it?

Hon. Mr. Ramsay: No, it is just the confidence the people out there have in us.

The fact that progress has been made on the service front despite expenditure restraints and increasing case loads can be credited to imaginative administrative innovations and to the dedication and competence, and I stress that, of branch personnel.

Greater productivity has been achieved in the case of the branch's telephone inquiry service through the implementation of taped messages dealing with some of the most common areas of public concern. The messages are available to callers 24 hours a day, seven days a week. Not only does this make the inquiry service more accessible but it reduces the amount of staff time spent on routine inquiries.

In the matter of complaint resolution, the branch has been able to reduce its response time by making more effective use of telephone negotiation as a vehicle for the settlement of claims.

As well, the branch substantially altered its approach in cases involving insolvent businesses by setting up a specialized collections unit and by taking a more direct role in cases of receivership and bankruptcy than previously had been thought to be helpful or productive.

It is perhaps some measure of the success of these innovations that the complaints backlog has now been reduced to below the two months' level and that the collection of amounts owed to employees has increased by 44 per cent over last year, to a total of \$7.7 million, representing recoveries for 19 per cent more employees.

I would now like to turn to the ministry's responsibilities in the fields of plant closure and employment adjustment.

During the first eight months of 1983, the total number of employees affected by permanent and indefinite layoffs has shown a substantial decline from the same period of a year ago. For example, in the period from January to August 1983, 130 establishments reported permanent and indefinite layoffs affecting 13,386 employees, compared with 253 establishments affecting 27,717 employees in the same period in 1982.

In terms of the number of workers affected, this represents approximately a 52 per cent decrease. However, while these results are certainly an encouraging indication of an economy that is in recovery, I do not want to

underestimate the seriousness of the current scene.

We are all well aware—I, most of all, for, as the members know, I am personally involved in meetings with company and union officials in almost all large-scale institutions—that the negative effects of closures and large-scale cutbacks are continuing to be felt in the province.

In an effort to respond as effectively as possible to those serious situations, my officials, especially Mr. Robert Joyce, my special adviser, attempt to intervene quickly in closures and large-scale cutbacks.

My officials or I will meet with union and company representatives to discuss the closure or cutback. Whenever appropriate, senior officials of other government agencies, such as the Ministry of Industry and Trade, are also involved in these meetings to lend their expertise to the problem at hand.

Every effort is made to ensure that the company has explored all available options other than closure and that the employees are brought into the picture as soon as possible so that their input is available.

Often, the early involvement of my officials can help to lessen or prevent labour-management conflict brought about by the impending terminations and help both parties work together to make the best of a difficult situation and to assist the affected employees as much as possible.

As part of its ongoing employee assistance program, the Ministry of Labour, through the plant closure review and employment adjustment branch, participates in a program designed to help terminated employees find alternative employment.

One important mechanism continues to be the joint consultative committee approach undertaken with the manpower consultative service of the Canada Department of Employment and Immigration. The cost-shared agreement between the two levels of government provides for a committee involving the employer and his employees, with an independent chairman. Federal and provincial officials act as advisers to the committee.

Unfortunately, while the number of established manpower adjustment committees remains high, the work of these committees has become more and more difficult because of the recent economic downturn.

The 36 committees that have completed their programs, established in 1982, were asked for assistance by 1,948 employees out of a total of 3,068 terminated, or 64 per cent. This compares

with a total of 53 per cent asking for committee assistance during the same period last year.

While the numbers asking for assistance are higher, the success of those finding some form of alternative employment has, unfortunately, declined. A total of 911, or 47 per cent of those employees seeking committee assistance, were successful in finding alternative employment, compared with 69 per cent last year.

12 noon

On a more positive note, I am pleased to report that my ministry's employee counselling program continues to be of significant assistance to employees affected by closures and large-scale permanent layoffs.

As members are aware, this program provides job counselling advice, with the co-operation of the Ministry of Colleges and Universities and local community colleges, for employees who have lost their jobs because of the partial or complete closure of their employers' places of business.

During the fiscal year 1982-83 a total of 23 counselling programs were undertaken in situations involving the complete or partial closure of businesses in Ontario. A total of 1,081 employees received counselling assistance, which was designed to assist them in finding more stable employment. To date in the 1983-84 fiscal year, a total of 20 programs have been established and another six are under development.

The counselling program is aimed at providing assistance to employees who have permanently lost their jobs. While the program concentrated initially on closure and partial closure situations involving at least 50 employees, this mandate has now been expanded to encompass smaller closures where the need for counselling is apparent and those large-scale reductions in operations that, while they are not closures, do involve permanent job loss.

A prime example of the latter situation is the recent layoffs at Inco and Falconbridge in Sudbury, where more than 2,000 employees lost their jobs on a permanent basis. A counselling program using the facilities and expertise of the staff of Cambrian College was established for these employees and is still in operation. These counselling endeavours are operating very closely with the activities of the manpower adjustment committees at both companies.

Aside from the Sudbury program, encouraging successes have been obtained in counselling programs in major closure situations. In the troublesome closure of the Consolidated Bathurst plant in Hamilton, for instance, a total of 86

of the 140 employees terminated took advantage of counselling.

Last year, I reported to the members that, in addition to my ministry's employee counselling activities, a program had been developed with officials of the Ministry of Industry and Trade to provide advice to the companies in danger of closing. The effectiveness of this pilot project has already been seen.

A small company employing in the neighbourhood of 50 employees was in danger of closing as a result of financial and marketing problems. After a visit by the joint Ministry of Labour/Ministry of Industry and Trade team, a feasibility study, financed by both ministries, was undertaken. The results of the study showed that the company was indeed viable, and since that time it has improved both its financial and marketing strategies. I am happy to report that this company is no longer in danger of closing and that the jobs of the 50 employees are assured for the foreseeable future.

As members are aware, Ontario remains the only provincial jurisdiction in Canada that has legislated the requirement of severance pay. Severance pay must be paid to employees with at least five years of service whose employment has been terminated in partial or complete closure situations involving at least 50 employees. The legislation came into effect in July 1981, with certain provisions retroactive to January 1, 1981.

For the first two years that the legislation was in effect—January 1, 1981, to December 31, 1982—a total of 116 cases of complete and partial closures occurred where severance pay was required to be paid to the affected employees. To date, information has been received on 109 of these cases in which a total of 5,963 employees have received some form of severance pay totalling in excess of \$29.75 million.

It is worth while noting that a comparison of 1981 and 1982 data shows that in 1982 the money paid to employees in the form of severance pay was more than three times the amount paid in 1981—\$22.7 million versus \$7.1 million—and that the number of employees to whom the payments were made was almost three times that of 1981—4,385 versus 1,578.

I am only too aware that these figures, while impressive, would be much higher were it not for the fact that employees who lose their jobs as a result of the insolvency of their employers rarely, if ever, receive the severance pay to which they are entitled.

Indeed, during the same two-year period, a

total of 5,699 employees were terminated as a result of the insolvency of 38 companies. While it is not known how many of these employees would have qualified for severance pay, it is fair to assume that a great many of them would have had the required five years of service.

The seriousness with which the government views the severance pay problem, along with the other problems of wage collection in insolvencies, has been demonstrated by the appointment of Mr. Don Brown, which I talked about a few minutes ago.

As I reported to members in last year's estimates, my ministry has undertaken a series of studies in order to obtain a better knowledge of the socioeconomic effects of plant closures on employees. One of these studies, a survey of 1,736 employees who were terminated in 21 plant closures across Ontario, is in the final stages of completion and should be available within the next two weeks.

Two other studies have been undertaken for the Ministry of Labour. The first, a pilot project that examined the impact of the closure of Armstrong Cork Ltd. in Lindsay was completed last year and copies of that report were made available to interested members. The purpose of that study was to test a research methodology that could be used in subsequent studies.

Since that time, a second case study has been undertaken and I hope to be able to release the report in the next few weeks. In this study, the impact of the closure of Talon Canada Ltd. in St. Catharines was examined. A total of 115 employees were personally interviewed to determine how the closure of this company has affected them and their families.

I would like to discuss the important work of the Ontario Human Rights Commission and the vital role it is playing in helping to ensure equity in the community.

The proclamation of the new Human Rights Code was the highlight of the 1982-83 fiscal year. The extended grounds and broadened mandate continued Ontario's position of leadership in the field of human rights legislation and will enable us to respond more effectively to the needs of our changing communities.

The new statute has not only expanded and strengthened the duties and functions of the commission but has also significantly expanded the rights of the people of Ontario to freedom from discrimination.

An extensive publicity campaign was launched to introduce and explain the provisions of the new code. The theme, "Together we are one,"

was carried through newspaper and radio advertising, posters and a series of pamphlets that outlined and explained various aspects of the commission's work. The large number of requests for information, publications, audio-visual materials, seminars and guest speakers that resulted from the campaign was a very positive indication of the community's interest in upholding the letter and spirit of the Human Rights Code.

Incidentally, Canon Purcell, the chairman of the Ontario Human Rights Commission, has travelled extensively throughout this province in the last year. He has spoken to service clubs and clubs of every nature, open-line radio shows, whatever the case may be in order to provide the proper information to the public.

The commission has taken the opportunity presented by the passage of the new legislation to initiate consultations with senior officials of major institutions, organizations and corporations with a view to informing them about the requirements of the new code and to assisting in the development of human rights policies and preventive programs.

For example, in March of this year the chairman's office took the initiative of mailing the new Declaration of Management Policy poster to over 3,000 municipalities, industries, business, professional organizations, service clubs, unions, educational institutions and personnel associations. The poster was designed to reflect both the spirit and the provisions of the new code and calls upon each of us to lend support to the goal of harmonious relations among all employees in the work place. The overwhelming response was a positive indication of the interest in the community in upholding the letter and the spirit of the new code.

Employers, unions, business and industry, the insurance and hospitality industries, the legal profession and the public in general sought information on the new provisions and procedures. They have continued to seek assistance in making their policies and practices consistent with the new legislation. The new code is a complex piece of legislation and often difficult for the average employer, landlord and citizen to come to terms with.

The new code expands the former protections in many important ways. When antidiscrimination legislation was first introduced in Canada in 1962 it was primarily concerned with prohibiting the discriminatory conduct of those who consciously and deliberately discriminated against others. It is generally agreed that the legislation and the human

rights commissions that have enforced it have had considerable success in addressing this type of conduct. However, as more experience with this approach was gained, it became evident that many groups were still not achieving equality of opportunity in our society as a result of institutionalized or systemic discrimination.

12:10 p.m.

The new provisions have extended the grounds and areas in which the right to freedom from discrimination is guaranteed. Among the new areas covered by the code are the following: The provision of equal enjoyment without discrimination of goods, services and facilities generally—not limited to those available in a place to which the public is customarily admitted—the right to contract on equal terms; and the prohibition of discrimination because of a person's association with a person identified by a prohibited ground.

Several new prohibited grounds of discrimination have been added: discrimination because of family status, defined to mean a parent-child relationship; discrimination with respect to employment because of a record of offences; discrimination with respect to accommodation because of receipt of public assistance; discrimination because of age is now prohibited in all areas, age being defined as 18 and over in all areas except employment, where it is defined as 18 to 65; and the ground of marital status has been extended to include discrimination in accommodation.

Among other new provisions are the following: Discrimination in employment against domestic workers in a private household is prohibited; boards of inquiry are empowered, subject to considerations of reasonable cost, to make orders respecting the modification of access or amenities after a finding of discrimination on the ground of handicap has been made; the code binds the crown and will have primacy over other legislation on June 15, 1984; and the code provides for additional sanctions against discrimination in employment by contractors under government contracts, upon a finding of discrimination by a board of inquiry.

Two additional new areas of protection deserve special comment. The first is discrimination because of handicap and the second is sexual harassment.

Discrimination because of handicap is prohibited in the areas of services, goods and facilities, accommodation, contracts, employment and vocational associations. Harassment

because of handicap is prohibited in employment and accommodation. Handicap is defined to mean that the person has or has had or is believed to have or have had a physical or mental handicap.

The code permits employers to raise questions regarding the extent of an applicant's handicap and its effects on his or her ability to do the job only at a personal interview. Questions about illness, injury or medical history in the past or present may not be asked on an application form or at any stage prior to the interview.

Similarly, an employer may require an applicant to undergo a job-related medical examination either during or after the interview process but not before. In addition, the results of the examination must be used only to determine the person's ability to perform the essential duties of the employment.

These provisions address a concern, voiced with increasing frequency in the past few years, that persons with a handicap have been denied employment opportunities because of traditional prejudices and lack of familiarity with their capabilities. In particular, it has been the commission's experience that people have been excluded from jobs on the basis of medical questions on the application form without a determination being made of whether the individual is able to perform the essential job functions.

All cases of discrimination because of handicap throughout the province are handled by regional staff who receive specialist guidance through an administrative arrangement established as a result of the unique and complex features of this new ground. Professional expertise is often necessary to assist the investigating officer in making decisions with respect to what constitutes the essential duties of the job and the individual's ability to perform them. There are many other complex cases requiring expertise, since the application of human rights legislation to discrimination on the basis of handicap is very new in Canada. For example, many complaints involve the validity of pre-employment medical examinations.

Assisting employers to comply with the provisions of the code by reviewing their pre-employment screening measures such as advertising, application forms and pre-employment medicals is an important specialist function. In addition, the commission's staff advises employers about appropriate methods to determine the essential duties and requirements of specific

jobs as they relate to the individual's duty to perform them. Advising employers about recruitment strategies that will apprise handicapped individuals or their representative organizations of employment opportunities is another important responsibility.

Liaison with the handicapped employment program of the Ministry of Labour, in-house seminars with handicap organizations and agencies for information exchange, contact development and networking, discussions with consultants on architectural or environmental barriers, aids and adaptations, and the consultations with occupational therapist associations are all important aspects of the outreach program.

These consultations explore such areas as functional capacity analysis and medical assessments to determine job performance ability and potential. In addition, members of staff conduct seminars for supervisors and managers in the ministries of Labour and Community and Social Services and the Workers' Compensation Board in order to increase their awareness of the provisions of the code relating to handicap.

Training sessions for the commission's staff on the ground of handicap are conducted regularly at regional staff meetings and workshops. In-house seminars and consultations for staff are conducted with consumer organizations and agencies, at which available community resources are examined for their application to the commission's programs.

Among the representative organizations are the March of Dimes, the Advocacy Resource Centre for the Handicapped, the Ontario Association for the Mentally Retarded, the Blind Organization of Self-help Tactics and the Canadian Hearing Society.

The staff has also met with specialists in removing architectural and environmental barriers and with consultants on aids and adaptations, such as Technical Aids and Systems for the Handicapped, of Sunnybrook Hospital, and Community Occupational Therapy Associates.

Consultations are routinely held with physicians, occupational therapists, physiotherapists and vocational rehabilitation counsellors in order that the staff may become knowledgeable about techniques for assessing the relationship between various handicapping conditions and job performance.

The commission's resource centre contains materials obtained from other human rights commissions and agencies or organizations involved with various types of handicap. Staff

are regularly kept abreast of new developments in North America and overseas.

From June 1982 to March 1983, 124 complaints based on handicap were received, comprising 15 per cent of the total case load over the period. The number and percentage of such complaints have increased significantly during the current fiscal year. From April to September 1983, 141 complaints were received, representing 21 per cent of total complaints filed in that time. Thus, in this short time period, handicap became the third most prevalent ground cited, following race and sex.

Of complaints received, 72 per cent alleged discrimination in employment and 23 per cent cited discrimination with respect to goods, services or facilities. The remaining five per cent were divided evenly between discrimination in accommodation and discrimination in contracts.

Although lack of access to premises, goods, facilities or accommodation or lack of appropriate amenities do not, by themselves, amount to a contravention of the code, the commission may endeavour to effect a settlement as to the provision of access or amenities.

Similarly, the right to nondiscrimination is not infringed if the person is incapable of fulfilling the essential duties or requirements attending the exercise of the right, but the commission may seek to effect a settlement as to the duties or requirements. Of the 127 cases alleging discrimination because of handicap that were resolved between June 1982 and September 1983, the commission achieved a settlement as to access, amenities, duties or requirements in 25 of them.

If a board of inquiry finds evidence of discrimination and finds that access or amenities are lacking, it may order the respondent to take measures to provide access or amenities unless the costs involved would cause undue hardship.

At present the commission is developing guidelines for the determination of the circumstances in which the costs of providing access or amenities would or would not cause undue hardship. To date, there have been no boards of inquiry on this issue.

The commission has conducted a comprehensive educational campaign on discrimination because of handicap and has developed and acquired an extensive collection of resource information pertinent to discrimination against disabled persons. These materials deal with such subjects as existing legislation that protects

the rights of the handicapped and related legal interpretations and case law.

A priority of the public education program is the development of media and public educational strategies to sensitize and educate handicapped individuals and their organizations about the legislation and its application. That involves giving speeches and conducting awareness seminars and workshops in centres across the province.

The second major area of complaint under the new code is sexual harassment, which is now prohibited and defined by the code. As well, unwelcome sexual advances made by a person in a position to confer, grant or deny a benefit, or threats of reprisal because of rejection thereof, are explicitly prohibited. The commission has been very successful in resolving complaints in conciliation and in implementing corrective programs and policies to ensure that the problem does not recur.

12:20 p.m.

A number of school boards, universities, colleges and industrial firms have already taken the initiative by instituting policies on and mechanisms for dealing with sexual harassment.

Between April 1982 and September 1983, 166 complaints of sexual harassment and sexual solicitations were received by the commission, or 11 per cent of the total complaints received. To the end of 1982-83, 340 complaints of sexual harassment had been resolved since the commission began to accept such complaints in 1976. These cases have an average settlement rate of 77 per cent. To date, the bulk of harassment complaints refer to employment. Very few cases involve harassment or solicitation in accommodation, services or facilities.

In addition to the substantive provisions, the new code provides for several new procedures in accordance with the principles of natural justice. When the commission decides not to request the appointment of a board of inquiry, it must provide each party to the complaint with the reasons for its decision, and the complainant may apply to the commission for reconsideration of its decision. The respondent is notified of the complainant's application for reconsideration and is given a chance to respond. Seventy-four requests for reconsideration were received between June 1982 and September 1983.

There had been considerable concern voiced about the delays involved once a board of inquiry is appointed. To respond to this concern, two statutory time limits have been established to expedite the process. The hearing must

convene within 30 days of its appointment by the minister, and the board must render its decision within 30 days of the conclusion of the hearing. In addition to the procedural safeguards provided by the code, the commission's administrative procedures have been developed so as to ensure fairness to all parties involved.

The new areas of concern have resulted in a great increase in the number of complaints filed with the commission. Since 1982-83, 831 cases were registered, of which 202 related to the new grounds. From April to September 1983, 662 cases were registered, as compared with only 366 filed during the same period last year. Of the total of 662, 250 were based on the new provisions.

It took some months following the proclamation of the code in June 1982 for the public to become aware of the new provisions, and the potential for greater increases in complaints is highly evident.

Fiscal year 1982-83 was the second full year of implementation of the rapid case processing system, which was designed to assist the parties to come to a thorough and mutually satisfactory resolution in the matter early in the complaint process. Under rapid case processing, or RCP, the complainant and respondent are asked to provide information relating to the complaint allegations. A fact-finding conference is then scheduled and a human rights officer brings the parties together to provide their views about the complaint. Detailed evidence is discussed. Following this review, the parties are given the opportunity to negotiate a settlement of the matter. Seventy per cent of complaints are resolved at this early stage. Where conciliation is not successful, an extended investigation will be conducted.

While it is not always appropriate to use the rapid case processing method, it has been used in the majority of cases and has led to swifter resolution of complaints. There has been favourable reaction from complainants and respondents alike to the fact that cases are now completed more quickly. At the same time, the rate at which complaints are resolved in conciliation and the quality of settlements achieved indicate the new procedure is not jeopardizing the quality of case work.

The number of cases resolved in less than six months has almost doubled since the first year of implementation of RCP, moving from 187 in 1980-81 to 326 in 1982-83. A corresponding decrease has occurred in the number of complaints that took more than one year to resolve.

The commission continues to review this

procedure and to make improvements to it. There was an decrease in cases closed from 1,000 in 1981-82 to 762 in fiscal year 1982-83. This decrease was mostly as a result of the surge of events related to the introduction of the new code, which diverted a substantial amount of staff time from case work to training on the new areas and procedures of the code.

Also, there was a substantial increase in reviews of application forms, advertisements, leases and other documents to make them consistent with the new provisions. Members of staff were involved in the preparation of new publications as well as an extensive public education campaign regarding all areas of the new legislation.

Although the number of complaints resolved showed a decline in 1982-83, the number of voluntary compliance activities conducted during the year rose considerably. The commission's preventive programs are designed to assist respondent groups to bring their policies and practices into harmony with the provisions of the code. Intensive educational and consultative work is a priority since it decreases the potential for formal complaints and is an effective tool for attitudinal change.

During 1982-83, 35,351 inquiries and referrals were handled as compared with 22,746 in 1981-82. Advertising and application form reviews totalled 1,650 in the last fiscal year, marking an increase of 954 over the total for 1981-82.

In addition, as mentioned before, there are several new statutory requirements that provide for a greater degree of procedural fairness than was the case under the old code. All these provisions have increased the investigative and administrative aspects of the case work process.

Similarly, case work is increasingly complex because of the nature of the new provisions. For instance, there may be difficulty in determining the functional capabilities of the complainant as they relate to the essential duties of the job in complaints based on handicap.

In late 1979 the race relations division of the Ontario Human Rights Commission was formally established to replace the community, race and ethnic relations unit. The division was given a statutory mandate in the new Human Rights Code when it came into effect on June 15, 1982. It is noteworthy that for the first time the commission's role in assisting and encouraging other agencies, including municipal bodies, to engage in race relations work is stated specifically in the code.

It is hoped that their initiatives will continue

to help promote the principle that human rights and harmonious race relations can be achieved only through the efforts of all members of society. It is the key responsibility of the race relations division constantly to seek, with the assistance of others, innovative and effective ways of promoting successful intergroup relations and addressing the problems of racial prejudice and discrimination.

The climate of race relations in Ontario today and the initiatives of governments, private organizations and individuals reflect concern in two problem areas: conflict and tension at the community level; and concerns about racism within the major institutions of our society such as schools, the media, business and industry and the criminal justice system.

The race relations division has responded to these concerns through a variety of strategies and policy initiatives that reinforce the spirit and letter of the Human Rights Code. The division has been especially active in responding to youth unemployment, with particular reference to its negative impact on minority youth. Statistics on the unemployment rates in strategic areas of Metropolitan Toronto indicate that visible minority youth unemployment may be as high as 80 per cent in some communities.

In response to this concern, the division enriched its special summer youth employment program, operated through an Experience '83 grant from the Ontario youth secretariat, to the communities of Regent Park in downtown Toronto, Jane-Finch in the city of North York and Birchmount-Finch in the city of Scarborough. This program, which employs some 110 youths from various racial backgrounds, provides young people from these areas with a first-time job experience while enriching their work experience with life and job skills training sessions.

The division is also sponsoring a winter Experience program, funded by a grant modelled after its summer youth employment program from the Ontario youth secretariat. This pilot project will be employing some 35 youths from the Rexdale community in Etobicoke, the Jane-Woolner area in the city of York and the "Peanut" community in the city of North York.

At the suggestion of the division, the Metropolitan Toronto Police department has agreed to model a youth employment program after the division's summer youth employment program. It also is being funded by the Ontario youth secretariat. So 35 youths from various racial and ethnic backgrounds will be placed in the com-

munity programs sector of the Metropolitan Toronto Police department to work under the supervision of police personnel with senior citizens.

The youths will be selected from areas of the city with a high summer youth unemployment population. They will participate in a first-time job experience combining employment with job and life skills training. The municipality of Metropolitan Toronto and the Seniors' Volunteer Agency Network have assisted in the program.

Mr. Chairman: It being 12:30 of the clock, we will recess until 2 p.m.

Mr. Mackenzie: Can I raise one matter just before we adjourn, Mr. Chairman? Is the arrangement for December 7 of which you informed us negotiable at all or is that hard in terms of the five hours to deal with women's issues?

Mr. Chairman: Apparently the three House leaders agreed on that. It was an agreement by them. I am not aware how flexible it is. Do you

want me to check and find if it can be changed? What were you looking for?

Mr. Mackenzie: Although I have not verified it, I understand there is some problem with Marion Bryden, who very much wants to be part of that on that date in terms of our caucus. That is why I wondered if there is any flexibility at all before I consult with her.

Hon. Mr. Ramsay: I am flexible on moving to any date. There is no problem as far as I am concerned, but there may be a problem with Mr. Welch.

Mr. Mancini: I will have to check with Bill Wrye.

Mr. Harris: Could that not be worked out by the minister, Mr. Welch and the various parties? I do not think the members of our party on the committee specifically have any difficulty with the time.

Mr. Hennessy: We are very easy to get along with.

The committee recessed at 12:31 p.m.

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Goodman, B., Executive Director, Occupational Health and Safety Division

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Labour

Third Session, 32nd Parliament

Wednesday, November 16, 1983

Afternoon Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 16, 1983

The committee resumed at 2:06 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR

(continued)

Mr. Chairman: I will call the meeting to order. I had a chance over the noon hour to discuss the matter Mr. Mackenzie brought up and I observe that December 7 is difficult to change.

Mr. Mackenzie: I also checked and found that the House leaders had agreed to the five hours but not to the date. That was up to us. We have changed arrangements, so there is no problem now.

Mr. Chairman: That is fine.

Hon. Mr. Ramsay: I would like my colleagues to know I had a choice between staying upstairs and meeting Charlton Heston or coming down here and proceeding with my address.

Mr. Mackenzie: That is one progressive mark in your favour.

Hon. Mr. Ramsay: There is hope for me yet, is there?

Mr. Mancini: We could respond to the minister by saying that if he had cut his opening address from 220 to 120 pages he could have stayed upstairs.

Hon. Mr. Ramsay: We were talking about human rights and the cabinet committee on race relations. I would like to pick up from there on page 158.

The division continues to provide assistance to the cabinet committee on race relations and the Ontario Manpower Commission in order to address the special minority youth employment needs through government programs and initiatives.

As in prior years, the division assisted the cabinet committee on race relations and its staff working group to respond to current race relations issues and concerns as they relate to the responsibilities of the government of Ontario. The division assisted the Ontario Manpower Commission and the various ministries responsible for youth employment programs to implement the recommendations of the cabinet com-

mittees on race relations and manpower regarding youth employment and race relations.

The division participated as a member of a task force that was given the responsibility by the cabinet committee on race relations of improving visible minority representation in government of Ontario advertising and communications. After an intensive consultation process with community groups and the advertising industry and after conducting independent research on the subject, the task force released its report to the government of Ontario through the cabinet committee. The report focused on the need for the portrayal of racial diversity and it identified no barriers in the implementation of this policy recommendation.

As a result of its findings, the government established a policy that racial diversity should be represented and it requested the task force, comprising government communications staff and representatives of the staff working group of the cabinet committee on race relations, to monitor the implementation of this policy directive.

The task force will be inviting key community and agency representatives to assist in the review process and it has commissioned the development of a handbook for communications staff and advertising agency personnel to assist them in portraying racial diversity in a responsible and nonstereotyped manner.

Another important initiative of the cabinet committee on race relations was the appointment of a task force on publicly assisted housing and race relations, which was given the responsibility to review the race relations climate as it affects the residents of publicly assisted housing. The task force is consulting with relevant agencies and groups and it will report its findings to the cabinet committee on race relations. The division is represented on this important task force.

The cabinet committee on race relations assisted in the development of a policy statement on race relations on behalf of the government of Ontario. The Premier (Mr. Davis) announced the policy in June 1983. This is the first policy statement on race relations to be produced by a government in Canada and it is

being distributed to all ministries and government boards, commissions and agencies in a reaffirmation of the urgent need to ensure that racism is not tolerated in the province.

The Premier has stated: "Only by working together to forcefully attack deliberate bigotry and to extend a helping, understanding hand to those who discriminate out of thoughtless unawareness can we create the kind of community in which we can all contribute as equals to our country's development."

As a new initiative for fiscal year 1982-83, the race relations division began hosting a series of consultations with minority communities. The main purpose of the consultations is to identify issues and concerns of importance in the communities and to direct these concerns to the appropriate agencies, individuals or institutions for action.

To date, the race relations commissioner and other members of the division have held four consultations with the Filipino, Chinese, Korean and Pakistani communities respectively. At all consultations the representatives of a wide variety of groups and organizations meet with members of the division to discuss issues and concerns relating to employment, education, housing and social services. Workshop discussions are held and recommendations formulated.

Similar consultations are being planned with other minority communities such as the Vietnamese, black, South Asian and others. Several members of the cabinet committee on race relations are present at these consultations. The division is studying the proceedings to develop social initiatives for consideration by the cabinet committee.

A critical starting point in the effort to combat prejudice and discrimination in society is through educational institutions. Therefore, the division has worked closely with the North York Board of Education and many other boards throughout the province to develop appropriate race relations responses and policies.

The commissioners and staff assist school boards in reducing racial or ethnic-related incidents and problems in the schools and in promoting a greater understanding of issues involving prejudice and discrimination. This assistance takes the form of teacher training programs, instruction in methods of dealing with racial incidents, youth leadership projects and school-community relations.

The division and the Hamilton Board of Education have cosponsored a curriculum development project designed for grades 9 and 10 on

the subject of prejudice, discrimination and racism. The purpose of this project is to develop core curriculum materials that will be field-tested in classrooms over a period of two years.

In the northern region the division has been conducting outreach to isolated communities in northern Ontario, with a particular emphasis on native communities, in order to learn about and examine their concerns and to heighten their awareness of the role and responsibilities of the commission.

On behalf of the commission, the race relations division prepared a major submission on the effect of native problems and concerns on the race relations climate in northern Ontario. This submission was presented to the cabinet committee on native affairs. As a result of this initiative, the commission is now represented on the interministerial committee that provides support to the cabinet committee.

The chairman and commissioner Marie Marchand recently made an extensive tour of northern Ontario, going to North Bay, Sudbury, Timmins, Moosonee, Moose Factory, Sault Ste. Marie, Thunder Bay, Dryden and Kenora. The purpose was to increase awareness of human rights legislation among the public, to make contact with organizations and community groups and to participate in media interviews and discussions of human rights issues in these localities.

With respect to program initiatives with business, industry and labour, the commission has assisted many employers to design and develop programs to eliminate and prevent racial harassment and derogatory name-calling at the work place. Many of these problems are caused by negative stereotyping of members of minority groups. The commission responds by analysing the source of the conflict and proposing appropriate solutions.

The division regularly holds meetings with district labour councils and local unions to provide consultation on equality of opportunity for minority and women members and to suggest programs to reduce tensions at the work place and educate employees, foremen and supervisors on the provisions and principles of the code.

The division also designed a handbook to be used by employers in the promotion of equal employment opportunity and positive race relations in the work place. The handbook was prepared to assist management personnel establish equal employment opportunity practices.

In response to changing needs in policing and

race relations, the division has assisted the Metropolitan Toronto Committee on Race Relations and Policing to review its organizational structure and program orientation. It is hoped that this will help the committee to work more effectively with the police department to improve police-minority relations.

This initiative resulted, in part, from a recommendation proposed in a study commissioned by the police department that examined the organization and functioning of the Metro force. The study recommended a major decentralization to allow for closer interaction between police and the residents they serve.

The division presented a major brief to the Metropolitan Board of Commissioners of Police on the implications of the study, particularly as it addresses race relations and policing in the areas of staff deployment, police training, police recruitment and promotion.

In summary, I would like to report that the commission has planned a series of activities to promote the values enshrined in the Universal Declaration of Human Rights on its 35th anniversary on December 10, 1983.

The commission has produced a human rights scroll outlining the preamble and part I of the new code. The scroll is signed by the Premier and is being sent out to all schools, businesses, unions, government agencies, religious institutions, the media and community groups in Ontario in both French and English. A special letter is also being written to municipal leaders asking them to proclaim a Human Rights Day or Week and to encourage their communities' observance of this event.

The commission will be issuing a press release and public service announcements to all media in Ontario asking all concerned individuals to make special efforts to adhere to and rededicate the principles underlying the code. Each district office of the commission is involved in a special community project to commemorate the anniversary.

A few minutes ago I made reference to the provisions of the Human Rights Code concerning discrimination on the basis of handicap and to traditional concerns that have created barriers to the employment of handicapped people. I would now like to discuss the initiatives that are being taken by the ministry's handicapped employment program. These initiatives are largely designed to increase awareness among employers of the abilities of handicapped people and to facilitate the employment of handicapped people.

I feel we have made significant progress in the

field of handicapped employment in 1982-83, despite the recent difficult economic situation and its effects in limiting new employment opportunities. Currently, 200 employers across the province are working with the handicapped employment program to take advantage of the its consulting services. Several thousand other employers have received handicapped employment information materials at community conferences and have been encouraged to undertake their own initiatives. We have been encouraged by the active efforts of 12 regional planning committees and councils working closely with the program to co-ordinate local support for these employers in the development of their programs.

Jean Pigott's report was released this October in the Legislature, and at a conference in Ottawa jointly sponsored by the handicapped employment program and Line 1000, the Ottawa-based employment agency for handicapped people. It recognizes the importance of a community-based response to the employment problems of disabled persons.

The report's recommendations relate to possible ways of bringing together at the community level employers and disabled persons for purposes of job replacement. It also suggests that such efforts build upon voluntary efforts and organized services already present within communities in Ontario and allow the employer and disabled persons themselves to be the direct decision-makers with respect to their employment needs.

We have certainly seen the need for this kind of activity. We have supported local efforts through a series of grants to sponsor community awareness conferences and to provide the needed technical support to remove unemployment barriers. The flagship work done in Hamilton over the past several years during the course of the Hamilton project—a joint project of the Ontario March of Dimes and the handicapped employment program—is maturing now.

We recently conducted an evaluation, using the services of the Hamilton Opinion Research Centre, to review the progress to date. We expect shortly to convene a meeting of members of community councils and committees from across the province to discuss the Hamilton experience and to encourage each community to share its own unique solutions in the addressing of this complex field. It is hoped, as the Pigott task force points out, that the private sector will play a vital role in this process.

Incidentally, Hamilton has a new venture

under way. It is exploring options for local co-ordination of job placement services, utilizing a \$22,000 grant my ministry has made to the Hamilton Community Council. We look forward to the report of this investigation with great interest and anticipate it will be available next summer.

Coming from Sault Ste. Marie, I have been particularly pleased to note the handicapped employment program's development of special initiatives to encourage community co-ordination activities in the north. In this regard, I should mention the fine work being undertaken in Sudbury, North Bay, Thunder Bay, Kenora and Kapuskasing, as well as in the Sault. I know from personal contact with community leaders that an active response has been made to local employment concerns affecting disabled persons.

2:20 p.m.

In response to current economic conditions and those anticipated in 1984-85, the handicapped employment program has increasingly emphasized work experience and job creation programs and has fully utilized local contacts and employment settings to place summer and winter Experience trainees sponsored by HEP and paid for by a variety of available government funding services. These projects aim at obtaining relevant work experience for disabled persons and increasing employment and job retention for disabled persons.

This brings me to one of the most central areas that has emerged as a means of enhancing the appropriate matching of individual disabled persons to employment opportunities, that is, the ability of employers to identify the physical demands of work and to assess accurately the ability of individual job applicants or present employees to do particular kinds of work. The handicapped employment program has developed and tested a physical demands analysis technique to assist employers in describing accurately the requirements of work available. Private sector response has been positive so far.

This year the handicapped employment program, together with a committee composed of the occupational health and safety division, the Workers' Compensation Board and the Ontario Human Rights Commission, has commissioned Abt Associates to undertake a study of fitness for work assessments in order to clarify how much screening now occurs in employment and to consider how possible advances in this area might be introduced to make medical assessments more job related.

A report of this study will be available early in

the new year. In this context, the handicapped employment program has developed a series of useful linkages with health and rehabilitation professionals and their associations, 16 of which now work closely with the program. These groups should be able to apply the findings of this study and will, collectively and individually, be most important in fostering needed improvements to fitness for work assessments.

I would now like to turn to a review of broader manpower matters. Last year I reported on the wide range of activities in which the Ontario Manpower Commission was involved, and we discussed a number of its endeavours. The manpower commission has broad responsibilities and has continued to address issues related to training and the employment impact of new technology.

However, as you can appreciate, over the past year we have been somewhat preoccupied with the need to develop job creation programs and employment initiatives. I noted last year that growth in the economy would not in itself provide enough opportunities for employment and I mentioned certain initiatives that were being taken on the part of the government of Ontario, and my ministry in particular, to deal with these emerging challenges.

As you know, we are now experiencing an upturn in the economy and our programs are being designed to assist that upturn. There is no doubt that the recovery is being led by the private sector, and it is that sector we want to reinforce to enable it to create the jobs that are so necessary for Ontario's labour force.

With the government's thrusts in encouraging and sustaining economic momentum, incorporating policies conducive to long-term growth and looking at permanent job creation through the private sector, my ministry, through the Ontario Manpower Commission and in co-operation with the Canada Employment and Immigration Commission, launched the Canada-Ontario employment development program at the end of 1982. I reported briefly during last year's estimates on the operation of the COED program, which had really just begun at that time.

COED is a part of the overall provincial effort with respect to job creation. I think it is worth noting that the province has made a strong general commitment to job creation, which is evidenced, in part, by the level of funding in 1982-83 and 1983-84. In 1982-83, the province committed \$293.3 million to job creation, and

during the current year the sum of \$324.5 million has been allocated for these activities.

Commitments in this current fiscal year include \$121 million for youth programs, \$16.5 million in BILD training supplements, \$92 million in capital works programs and a \$15-million budget for the co-operative projects employment fund, which is a provincial top-up to section 38 on unemployment insurance work projects. There is also an \$80-million cash flow during the current year under the COED program.

The COED program got off to an extremely fast start. Its original budget of \$200 million was committed by June 22 of this year, just over six months after the startup of the program. COED received an excellent response from the community. All facets—the nonprofit sector, the private sector, the municipal sector and provincial ministries—responded with innovative and creative proposals.

Mr. Mancini: May I ask the minister how he enjoyed working with his federal counterpart?

Hon. Mr. Ramsay: No problems at all.

Mr. Mancini: I am glad to hear it.

Hon. Mr. Ramsay: I hope they would respond in a like fashion.

It is worthy of note that sponsors contributed an average of 46 per cent of project costs, but even more remarkable was the contribution from the private sector, which exceeded the contributions of the federal-provincial partnership and, on average, represented 70 per cent of the total project costs.

As many of you know, the Treasurer, in his May budget, offered to match any further funds that the federal government would put up in order to continue the COED program and, in particular, meet that backlog of applications that, unfortunately, could not be funded. The federal government did put a further \$10 million into the program, which was promptly matched by the province and was immediately allocated.

The COED program was successful, not only because of the overwhelming response from the private sector, municipalities and nonprofit organizations, but because, Mr. Mancini, it was a co-operative federal-provincial initiative.

In my view, if the citizens of Ontario are to benefit fully from federal and provincial programs, those programs are best delivered through a joint means so that public funds from both levels of government are spent in the most efficient and effective manner.

The co-operation at the working level between the staff of the federal and provincial govern-

ments in the COED program shows that joint programs can be launched quickly and effectively to meet the needs of a given target population and that administrative procedures can be reduced to a minimum.

Incidentally, we were way under what we had anticipated for administrative costs, and that is a tribute to those involved.

I think it was due to the province's initiative that we saw the private sector as a major participant in the COED program. We convinced the federal government of the virtues of private sector participation, an approach that has long been promoted by Ontario.

The COED program has produced many benefits, both direct and indirect. It has helped create, or will have helped create over the course of the program, which runs until June 30, 1984, over 26,000 jobs. In the past there has been criticism of job creation programs because they have tended to have wage rates at the minimum wage. This has not been the case with the COED program, and most of the jobs have paid substantially more than the minimum wage—in fact, an average of \$301 per week.

Although COED has been characterized as a short-term job creation program, there will undoubtedly be some long-term benefits. In fact, the average duration of COED jobs is about 23 weeks.

At the end of this period COED workers will not be forced onto welfare, as they might have been in the absence of the program. Instead, they will have requalified for unemployment insurance benefits to sustain them while they carry on their job search. It is hoped it would be a successful search as the economy recovers.

For some, qualification for unemployment insurance benefits will open up new training opportunities, if they can take advantage of the training support offered by section 39 of the Unemployment Insurance Act.

Finally, we should not ignore a very encouraging aspect of the COED program; namely, the fact that participants who were hired under COED were, in a number of instances, taken on permanently by the employer either during the course of the program's operation or after the program funding had terminated.

Of course, the program itself stimulated investment in materials and services purchased in Ontario and this, in itself, helped invigorate the provincial economy. Sponsor contributions of more than \$183 million went to "other project costs," such as investment in supplies, building materials and capital equipment.

I want to emphasize how pleased I have been with private sector participation in COED. Although the private sector used only 18 per cent of the program funds, or \$38.8 million, it contributed \$100.8 million of gross project costs, or just over 70 per cent of the total costs of those projects. As many of you know, private sector projects were limited to development or pre-production activities, and that represents an important investment in rebuilding, updating and revitalizing Ontario's economic base.

The program has benefited large, medium and small businesses in the province in a wide range of industrial sectors. For example, COED has helped build hotels in Hamilton and Muskoka; it set up production lines for boat building in Midland; and, has built prototype power supply units for computer equipment in London.

Private sector COED projects will employ nearly 5,600 people during the term of the program, and we anticipate these private sector projects will create just under 4,000 new permanent jobs.

2:30 p.m.

While I have spoken at length about the private sector, this does not mean other sectors have not done well out of the COED program. A total of \$82.5 million, or 37 per cent of the dollars allocated, have been spent in the municipal sector. In the nonprofit sector, which is the largest participant in the program, \$88.3 million or 40 per cent of the total program dollars, were spent. Finally, within the provincial government sector, \$10.2 million or five per cent of total dollars were spent.

Some of the examples of beneficial and worthwhile projects undertaken by these sponsor groups include, in the municipal sector, construction of police, fire and administrative facilities, the development of recreational areas and the enhancement and enrichment of community services. Within the nonprofit sector, there have been the renovation and construction of schools, hospitals, colleges, senior citizens' housing projects and the provision of community services. In the provincial government sector, many of our publicly owned facilities, such as parks and offices, have been revitalized.

At the onset of the program, it was the intention to target the COED funds to those areas representing the greatest need. As was pointed out at the estimates last year, the objective of the program was to assign funds to those areas with the largest number of people exhausting their unemployment insurance ben-

efits, or employable people who had been forced on to the municipal welfare rolls.

Although the distribution of projects was primarily determined by the way sponsorship occurred, in the allocation process an attempt was made to distribute funds in some relation to the needs of the various regions of the province. In fact, we achieved a remarkable degree of consistency between the geographical distribution of unemployed people in Ontario and the distribution of COED funds.

As you can see, I am enthusiastic about the COED program. I think it has been an outstanding example of federal-provincial co-operation, with sponsors in the field to address our most serious current problem, namely, unemployment. I would hope that we can build on this experience as we develop job creation policies and programs in the future.

Aside from the COED initiative, which was comprehensive in its approach, our other major job creation initiative has been in connection with youth employment programs. We are all concerned about the persistently high level of youth unemployment. In order to assist in alleviating these high rates, the province has continued to enrich and develop its youth employment initiatives.

At present, the youth employment envelope for which the Ontario Manpower Commission has general responsibilities has provided funds under the sub-programs as follows:

The Summer Experience program has received \$11.9 million this year, with 8,500 student participants.

The Ontario youth employment program has been allocated \$23.4 million, and supports 42,000 participants.

The Ontario career action program, which is delivered through the Ministry of Colleges and Universities, has \$14.8 million, supporting 11,000 placements in training positions.

The youth employment counselling centres, of which there are some 22 in Ontario, have been allocated \$600,000 and about 11,000 youths go through these centres. The figure of 11,000 does not represent jobs, but rather contacts and assistance to these people in finding employment.

The Winter Experience program, which is new, has \$3.8 million allocated to it and will support 1,300 participants.

The total amount of funds in the youth employment envelope this year was \$54.5 million and participants numbered over 73,000. However, in order to offset the effects of the economic downturn, a number of initiatives

were taken by the province, and the youth employment envelope received supplementary funds totalling \$11.1 million, to generate some 15,400 new jobs. In addition, the Board of Industrial Leadership and Development provided \$900,000 to further supplement the counselling centres.

These youth employment counselling centres provide a very important service to young people, particularly youth who are disadvantaged, in that by working within the community they are able to assist young people in finding employment.

In addition to the supplementary \$12 million, \$25 million was allocated to the young Ontario career program. This is a very important program designed to reach not only unemployed youth who have not been particularly well educated, but also those community college and university graduates who have had a great deal of difficulty in gaining access to the labour market.

This program is expected to generate 12,500 jobs. As many of you may know, it provides a subsidy of \$2.50 per hour to Ontario private sector companies, and also to certain public sector employers such as hospitals if they hire a qualified unemployed or underemployed youth. The subsidies for the program are provided for employees hired for a period of 20 to 26 weeks.

I am confident that this program will assist those graduates from our community colleges and universities to maintain the skills they have learned in our education system and to continue to be productive workers within the Ontario labour force.

At this time I should also mention other youth programs that we operate to meet the challenge of youth employment. The province has a summer replacement and co-operative hiring program which has estimated expenditures in the current year of some \$22 million for an anticipated 7,500 participants.

The junior ranger program of the Ministry of Natural Resources has been funded at a level of \$5 million, for approximately 1,700 participants.

Another program that is small, but one which I believe is important, is the Quebec-Ontario exchange. This program's funds amount to \$400,000 and it has some 100 participants. There are also the junior conservationist awards of \$100,000 for 28 participants.

Another important program is involvement in municipal administration, for which there are \$700,000 and 358 participants. We also run a students' training program in industrial rela-

tions, which we consider an important training ground for future workers in that area. There are \$100,000 and 33 participants assigned to it.

In sum, the province is spending about \$120 million on youth employment programs that should impact on over 111,000 of our young people, which represents a substantial proportion of the youth population in Ontario.

I think it fair to say that this represents a higher financial contribution to youth job creation by this province than has been made by almost any other jurisdiction in North America. Ontario has not been complacent about the difficulties facing our youth. We have moved to address this problem without fanfare but with effective programs and large-scale financial commitment. Indeed, I know of no other jurisdiction that can match Ontario's record.

Recently, however, there has been a new level of concern about labour market prospects for our young people, and it has been timely for us to take another look at our extensive efforts in this area. Accordingly the Ontario Manpower Commission undertook a review of the nature of the youth employment problem in Ontario and the programs we have mounted to address it. The review included an external evaluation of the youth envelope programs. I would like to share with you some of the general conclusions that have emerged.

The first overall conclusion is that the programs in the youth envelope have responded effectively in the past to meeting the employment needs of a wide range of youth client groups. The Ontario youth employment program and the summer Experience program have both responded to the seasonal influx of students into the labour market by creating summer employment.

As you know, the Ontario youth employment program is directed primarily to the private sector, and the summer Experience program has a large component of public and nonprofit sector participation.

The Ontario career action program has been particularly effective in responding to the needs for on-the-job training for those out-of-school youths who experience lengthy spells of unemployment. The Ontario youth employment counselling centres, as I mentioned before, provide the needed special counselling, placement and follow-up services for the employment of disadvantaged youths.

Finally, the new pilot project, winter Experience, is responding to the inability of the employment disadvantaged to gain the experi-

ence critically necessary for entry into the work force on an initial and, one hopes, more permanent basis. All of the envelope programs have met with high levels of satisfaction on the part of both employers and program participants, and they have achieved the objectives that have been set in the past through effective management and efficient operation.

A second general conclusion is that the nature of the youth employment problem is evolving in a number of directions. The first circumstance that has changed has been that the problems of employment disadvantaged youth, who in the best of times face special barriers in gaining entry to the labour market, have been made harder by the persistently high youth unemployment levels of recent years. At the same time, the gradual decline in the youth population, following the end of the baby boom, is leading to relatively fewer students entering the labour market during the summer.

Another notable change is that, in recent years, a growing portion of unemployment in the 15-year-old to 19-year-old group has been as a result of increased part-time participation in the labour force of full-time students, who account for almost half of all unemployed teenagers during the school year.

2:40 p.m.

In the past, there was always a balance between public and private sector youth employment programs as both sectors were expanding. However, in recent years, growth in the public sector has slowed and it is not expected to resume in the near future. Future growth in regular employment will most likely occur in the private sector and it therefore seems appropriate to emphasize temporary employment or experience training opportunities for youth in the private sector.

On the other hand, private sector employers may sometimes be reluctant to provide employment opportunities to disadvantaged youth, and therefore there may be a role for special subsidies to private sector employers who offer training for jobs that would assist the employment disadvantaged in achieving an entry into the labour force. There is a precedent in the training system of offering differential subsidies to employers who take on disadvantaged trainees. There should also, of course, be some public sector programming to assist disadvantaged youth.

As the emphasis shifts from creating jobs during the summer to adjusting to the needs of out-of-school youth in general and employment

disadvantaged youth in particular, there is a growing need for structural measures, such as training to improve their employability. The Ontario career action program is making a significant contribution towards addressing this need.

As I have noted, we are making a major effort in the youth employment area. However, the ability of the government to create jobs is limited. It is important, therefore, that there be a co-operative effort between the government and the private sector to increase employment opportunities for employment disadvantaged youth. Appropriate mechanisms must be used to obtain the maximum leverage from public funds by obtaining private sector participation to support employing program participants.

Moreover, the federal government has recently begun to mount programs providing specialized youth employment services to the employment disadvantaged. There is a need, it therefore appears, to co-ordinate the two levels of government to avoid wasteful duplication of services.

Unfortunately, I must report that despite our best efforts, little has happened in bringing together the programs of the federal and provincial governments to ensure that there is economy of effort and efficient allocation of funds to the appropriate youth population. This is an issue that I will be addressing in general with my counterparts from the other provinces and territories when we meet with the federal Minister of Employment and Immigration in January.

Although our focus during the past year has been on the Canada-Ontario employment development program and youth employment programs, we have not lost sight of the need to develop longer-term employment strategies, particularly for special groups within the labour force.

You will note that the Ontario Manpower Commission has recently released its report, the Employment of Women in Ontario: Background Paper. This is a comprehensive document reviewing the experience of women in the labour market in Ontario over the recent past as well as the various programs that have been mounted to assist them in gaining employment opportunities.

This material is now being reviewed by the newly established Ontario women's directorate under my colleague the Minister responsible for Women's Issues (Mr. Welch). Having this information base will be particularly useful to the minister as he proceeds to develop over-arching

policies to promote the status of women in Ontario.

I should mention that the Minister responsible for Women's Issues now sits as a member of the cabinet committee on manpower to ensure that further strength is given to the consideration of women's issues in all matters relating to women's participation in the labour force.

The creation of the women's directorate has provided an important new focus related to women's issues. The Ontario Manpower Commission will, however, continue to maintain an active interest in women's employment within the context of its overall responsibilities for manpower and employment policies and will seek to complement and assist women's directorate activities in those areas it is looking into that have a labour market component.

With respect to native employment, the Ontario Manpower Commission is preparing a background study, which will be published early in the new year.

In developing this native employment paper, the staff of the commission has undertaken a substantial program of consultation with key Ontario ministries and agencies involved in native employment and employment-related issues. But, in addition, and perhaps more important, they have sought out the views of native groups and other experts in the field, including the federal government.

A broad policy on native employment is currently being considered in conjunction with the native affairs office of the Provincial Secretariat for Resources Development.

Another group with special employment needs is disabled people. Earlier in my remarks I mentioned Linking for Employment, which is the report of the task force on employers and disabled persons. The ministry will be receiving and reviewing public response to the task force proposals, and this work will become part of the review and analysis being done by the Ontario Manpower Commission in this area.

Following this review by the commissioners, recommendations are to be submitted to cabinet. I hope to be able to report on the results of the review by cabinet in the new year.

Finally, the Ontario Manpower Commission has been considering employment needs of the aged in connection with its review of mandatory retirement practices. While I had hoped the commission would have completed its work on mandatory retirement by this time, the members of the commission have only recently had an opportunity to review the material. The

availability of new information, particularly from the 1981 census, has improved the quality of the data available and will enhance the final product.

This issue is one that will potentially be affected by the application of the Charter of Rights. As we all know, when we explore new legal territory in connection with the charter, it is appropriate to move cautiously. The work of the commission will provide a sound basis for understanding the labour market implications for any potential changes in the Human Rights Code. I expect to have the commission's report available in a couple of months.

As we move out of the recession, the emphasis of our labour market initiatives should shift from job creation to training efforts. A particularly important part of the training system where we look for expanded activity is industrial training.

In July the Ontario Manpower Commission released a paper on Industrial Training for High Level Skills which describes the skills shortage problem, the adequacy of the existing supply of highly skilled workers and the industrial training programs that are in place to ensure that we have a continuing supply of these workers. The paper also outlines the various policy alternatives available to the government and the directions that the OMC considers government ought to take.

The commission has tried to stimulate increased industrial training through meetings with individual employers and through work with the federal government and the Ministry of Colleges and Universities to provide appropriate funding for on-the-job training.

In September, the Minister of Colleges and Universities (Miss Stephenson) announced program guidelines for the new training initiative presented in last May's budget. The government will be providing financial assistance for both short-term and long-term on-the-job training in occupations that are in high demand. The funding will be in addition to the already established training in business and industry programs administered through the Ministry of Colleges and Universities.

As the economy recovers, the OMC is looking for growth in training activities so that employers may become increasingly self-sufficient in meeting their skilled manpower needs. Should the level of training not go beyond that which existed before the recession, the federal and provincial governments may need to consider other strategies.

At this time we are maintaining a watching brief to get a sense of the training undertaken by industry. To that end, the commission is planning to survey employers to determine the extent of industrial training within the province. It is an important time for the commission to undertake this survey. As we recover from the recession, one would expect employers to be conducting refresher, retraining or upgrading programs for their employees.

A renewed emphasis on training is appropriate if we are to ensure that skilled manpower will be available to employers to enable them to take full advantage of growth opportunities. But what kinds of skills are these? It is not sufficient for the government of Ontario only to make funds available to support training activities. It must also provide some sense of direction as to training needs. To that end, the Ontario Manpower Commission has devoted considerable resources over the past three years to develop a manpower projection system. This system provides information on the prospects for employment in various occupations as well as projecting supplies of skilled personnel in these occupations.

The Ontario manpower projection system, Omap, has now been fully developed and will shortly be easily accessible to the field through computer communications. It will now be possible for unions, private sector employers, research groups and other organizations with particular interests in labour market matters to obtain information from the staff of the commission responsible for the Omap system as well as to obtain assistance in using the unique analytical capabilities of this very useful occupational forecasting system.

The projection system that we have, while extremely valuable in identifying underlying trends in the labour market, cannot adequately take into account the impact of new technology on the labour market. This is an important subject and one to which the manpower commission will now be devoting increasing attention. We need to have a better understanding of the skills required to develop, disseminate and apply new technology throughout business and industry.

We also need to obtain a dispassionate analysis of the employment impact of new technology. Will job displacement be massive or incremental? Will it be general or focused on particular sectors and industries? Will it have a disproportionate impact on women with office jobs or

men on the assembly line? What policy and programs can be developed to assist in the adjustment of the labour market to the inevitable impact of new technology?

These are the issues that confront us and that the commission will be addressing over the coming year. Without anticipating the results of this work, let me make a couple of brief comments.

2:50 p.m.

Much discussion has centred around the impact of microtechnology. There seem to be three schools of thought within this area: optimists, who see the introduction of this new technology as one that will result in new employment opportunities and a strong growth in the economy; pessimists, who paint a picture of gloom by projecting the loss of thousands of jobs without the creation of new job opportunities; and those who take the middle ground with the strong opinion that the jury is still out on this area and that one can only measure the full impact of new technology over a long period of time. I find myself in the third camp.

With respect to the microelectronics producing and using industries, they will require adequate supplies of skilled personnel to ensure they will continue to strive and compete, both nationally and internationally, to provide new sources of future employment. On the other hand, many workers displaced by new technologies may be able to adapt to new skill requirements with the appropriate assistance. It is in dealing with this latter group that the province now takes a number of initiatives with respect to retraining, skill upgrading and other programs, many of them solely provincial in nature, others co-operatively delivered with the federal government.

There are other new technologies appearing on the horizon, biotechnology, laser optics and materials technology, for example. Each of these will have manpower and employment impacts, although none is expected to be as dramatic as the microelectronic revolution over the next several years. However, we need now to put in place a comprehensive program to deal with these impacts.

The manpower commission has already undertaken a good deal of research to lay the foundation for this policy and program development. In the coming year it will carry the study further and will also begin to draw out the implications for policies and programs that will assist Ontario's labour force to adjust to, and

take maximum advantage of, the growth opportunities provided by new technology.

As I suggested at the beginning of my remarks, I believe it is important that there be a variety of effective forums in Ontario for productive labour-management dialogue. The Ontario Manpower Commission is one such forum. Another is the Advisory Committee on the Quality of Working Life, which governs the activities of the Quality of Working Life Centre.

Since its inception in 1978, the Ontario Quality of Working Life Centre has continued to make significant progress in facilitating the development of QWL programs in the province. It is very encouraging to see that, in spite of the difficult economic times, the involvement of unions and management in QWL has not declined but has increased significantly. The centre has received more requests for assistance this year than in previous years. All the major activities of the centre, that is field projects, education, consultation and information services, have expanded.

Altogether, the centre has had serious discussion with approximately 60 organizations with respect to developing projects jointly with QWL and has provided ongoing support to 21 union-management projects. The centre is at present actively involved with nine field projects in a variety of settings, including the automotive industry, the manufacturing industry and the public sector.

A major feature of QWL is the design of jobs and organizations to better meet people's needs to develop their abilities and the organizations' need for quick, effective responses to changing environments. There is abundant evidence that when organizations are functioning according to QWL's principles of the use and development of the multiple capabilities of people and the development of self-regulation and self-management within the organization, they significantly increase their level of effectiveness.

Unless we bring about these basic changes in the organization of production, the next upturn in the business cycle may not be as vigorous as we might want.

Looking to the future, an immediate objective of the centre is to demonstrate and communicate the significance of QWL for the introduction of new technology. It is important to show that there is choice in how technology is used and that new technology can be applied to support the design of flexible, effective organizations characterized by high levels of worker

autonomy and responsibility. It is also important to show that labour and management can work positively together in the introduction of new technology.

In the coming year, the centre will be increasing its efforts at dissemination by developing more educational events, both introductory and advanced, through the province; increasing its capacity to assist organizations which are moving quickly in developing QWL programs; developing better links with labour and management communities, and also between organizations active in QWL; and developing a more proactive public education policy.

It will be of great importance in the years to come that the collaboration of management and union on the company level in enhancing the quality of working life becomes an integral part of the development of union-management relations on the provincial level. Today's social and economic reality requires management and labour to address some fundamental issues both within their own organizations and in their relationship. The development of collaborative structures on the plant level form a realistic and practical component in the development of consultative mechanisms on the macro level, which are essential for the development of effective economic recovery strategies in Ontario.

At the outset of my remarks I suggested that we face an economic challenge that is perhaps the most acute in our history, one etched in unemployment, the continuing spectre of inflation, the demands of increasingly stiff international competition and a technological revolution.

I also suggested that the very nature of this challenge requires a new kind of co-operation and understanding among labour, management and government.

In brief, I believe we must learn to work together in a deeper way; to generate a greater sense of mission as a society. I believe we must forge broader consensus on the basic economic and social issues of the day so that we may have a fuller framework within which to resolve particular differences. If we fail in this, I believe we face the prospect of becoming the victims of unconnected decisions that have too little reference to broader community goals.

During the month of September, the Advisory Committee on the Quality of Working Life conducted a two-week study mission in Sweden, Austria and West Germany. The committee met with groups representative of labour, management and government in all three countries.

Their objective was to try to get a fuller feel for how labour, management and government might work more advantageously together to identify, analyse and solve social and economic issues and make the free market system work more effectively.

The committee was exposed to a number of ideas, many of them divergent. Nevertheless, the committee came away with the impression that in each of the three jurisdictions there was consensus among the social partners on some important basic issues.

First, there was a recognition that economic activity is not an end in itself but rather a means to the social end of providing employment and a decent livelihood for people.

Second, there was the conviction that a healthy industrial sector is the essential precondition to economic recovery.

Third, there was a preference for recovery strategies rooted in measures to stimulate productive investment in competitive and internationally exposed enterprises, with the important caveat that social equity concerns cannot be ignored.

Fourth, there was a belief that private sector stimulation had to be accompanied by retrenchment and consolidation on the public expenditure side and that the post-war period of substantial public sector growth was over.

Fifth, there was an acceptance that while the recession has required toleration of real wage losses, longer term policies must be geared to full employment and the maintenance of real wages determined by market mechanisms.

Linking all of these themes were two important matters.

First, in each of the countries the committee visited there was an underlying determination based on a combination of pride, patriotism and sheer will to make the system work and, in doing so, to put ideology on the back burner.

Second, in all of the jurisdictions there was a conviction that some mechanisms for meaningful regular consultation on economic policies are essential, mechanisms that can provide social cohesion and a transcending sense of purpose.

Why not here, I ask? Why should not labour, management and government be devising ongoing arrangements for meaningful consultation on a broad range of economic problems?

While I appreciate that different historical and social traditions apply elsewhere, I do not accept that our history and traditions preclude some other arrangements. We are, in my view,

too wedded to our traditional conflictual and adversarial conventions. I do not see that tough collective bargaining and ongoing central consultations on broader economic issues are incompatible activities. Indeed I see them as complementing each other.

3 p.m.

I acknowledge there are formidable problems, structural and attitudinal. I also concede there is a real danger of getting caught up in the rhetoric of co-operation and the euphoria of utopian visions of collaboration when harsh realities make progress very difficult. Given all the difficulties, however, I remain convinced that we must continue to make the effort with renewed determination.

Those are my remarks and I thank you all for your patience.

Mr. Mancini: Mr. Chairman, we have listened to an extensive and well-prepared presentation by the minister. Did you have to apply for a special overtime permit to ensure all of this information was provided on time, or was it done during normal working hours?

Hon. Mr. Ramsay: It is never a problem in our ministry.

Mr. Mancini: There is lots of help.

Hon. Mr. Ramsay: They are totally dedicated, totally concerned and could not be more supportive. I say that most sincerely. Also, in answer to your comment, we never use outside speechwriters. We have them all in-house.

Mr. Eakins: Reassuring.

Hon. Mr. Ramsay: You can see why I do not have to use outside speechwriters because there are so many excellent ones in the ministry.

Mr. Eakins: You didn't put that out for tender, I take it?

Mr. McKessock: Is there any thought of laying off those writers then?

Hon. Mr. Ramsay: We are down so trim and lean right now that we are having great difficulty meeting all the pressures, but we are.

Mr. Harris: There can't be any question after a speech like that.

Interjections.

Mr. Mancini: As you can see, Mr. Chairman, I have only to make one comment and that excites the whole committee and we have five minutes of debate.

Before I get started, I want to remind the minister and the members of the committee of a newspaper article that appeared in the Toronto

Star on March 11, 1982. The headline was "Soo Nice Guy Gets Ontario Labour Hot Seat." You certainly have occupied the hot seat since that date, and I think you have done the headline justice too. That does not necessarily mean we all agree on what is going on or what is proposed or what is being discussed.

Before we get started, I would like to make a couple of points. My strategy for these estimates may differ somewhat from those of the minister and the spokesman for the third party in that it appears the minister has used three and a half hours to present his very extensive and informative opening statement. With short consultations with the representative of the third party, I am told he may use up to two hours and I think I will be in the one-hour range.

If those time figures hold true, we will use up six and a half hours of the 17 hours that have been allotted to us, leaving us 11½ hours for the remaining discussions.

I note that no agreement has been made concerning special time allocation for the Workers' Compensation Board and I would like at this time to try to obtain an agreement with the minister and all members of the committee to allocate what I believe will be 11½ hours of discussion time, some of it for the Workers' Compensation Board and other specific time allocations for the different programs within the ministry.

For example, listed in the ministry guide are ministry administration, industrial relations, women's program—I think that will be covered in the five hours that have already been allocated—occupational health and safety, employment standards, manpower commission, human rights commission and labour relations board. There may be anywhere from six to eight headings or topics on which the committee will want to spend a specific apportionment of time.

I thought we could cordially agree today that, with whatever time we have left after the opening statements, we would try roughly to allocate a particular amount of time to the headings as listed in the ministry estimates document. In that way we could have the appropriate staff here when needed and we would be able to zero in on many of the specific questions we have and many pieces of information we need to know in order to feel more comfortable with the operations of certain ministry programs.

It appears to me we will have at least 11 hours to divide up. I would like it, Mr. Chairman, if you could help us get some kind of agreement

on specific time allocation. Even though the official opposition has one third more seats in the Legislature, I am not going to get tangled up in asking for more time than the third party. If we could divide it up evenly, that would be satisfactory for us. I believe these debates will be carried on in a very cordial manner. We are going to allow other members supplementary questions when the appropriate moment arises.

With that, and not saying much more, Mr. Chairman, could we have your help in this matter?

Mr. Chairman: Yes. I want to be fair and I think all members of the committee should have equal time if there are some things they want to put on the record which they are very concerned about in their area. If the minister would be in agreement, I would like to see the Workers' Compensation Board available for an afternoon or a day.

Mr. Mancini: I was thinking of at least two hours for the Workers' Compensation Board.

Mr. Chairman: It could be one morning session of two and a half hours with them.

Hon. Mr. Ramsay: Mr. Chairman, whatever the committee wishes. I think basically the idea Mr. Mancini has put forward is a positive one and I have no objection to it. I just throw this out for what it may be worth. Bear in mind that the Workers' Compensation Board does appear before a committee each year to present its report for—what is it, two days?

Mr. Armstrong: Yes, it varies, but two days at a minimum.

Hon. Mr. Ramsay: If you wish the Workers' Compensation Board people here, we can have them here, but I just remind you of that fact and also that they have been before the resources committee now for what seems like forever.

Mr. Mancini: They are a very important agency and arm of the government.

Hon. Mr. Ramsay: I have no objection to their being here.

Mr. Mancini: Could the NDP critic help us out a little bit?

Mr. Mackenzie: I have no objection to their being here. I am not sure you want to carve out an awful lot of time here on it, simply because they do have the two days that they appear, as well as the committee hearings they have going on now.

Mr. Mancini: Do you think a couple of hours is too much?

Mr. Mackenzie: A couple of hours would not bother me.

Mr. Mancini: That would then leave us approximately nine to nine and a half hours left, Mr. Chairman.

Mr. Chairman: I would not be too specific on the hours because everybody seems to run over a little bit and get carried away, so I would not be too concerned about it. I am sure there will be lots of things that will come up that they would want to key in on.

Mr. Mackenzie: We have five hours allocated by agreement in advance for women's issues. Of the other major thing I see in all of these votes, because a lot of material is obviously covered in the opening statement which really comes under ministry administration, I think occupational safety and health has simply got to be a session that is somewhere between two and four hours. I see it as the next most important thing other than what we have carved out. I notice the minister himself spent better than 50 pages of his comments on it. That, to me, is the next most important item on the agenda.

3:10 p.m.

Mr. Chairman: Which one is that? Occupational health?

Mr. Mackenzie: Occupational health and safety. If you are thinking of five hours for women, you are thinking of about three to three and a half hours for occupational health and safety.

Hon. Mr. Ramsay: That would be a switch from other years because occupational health and safety always had more time.

Mr. Mackenzie: It probably should have more, but I think that is the minimum in which we can do it. I do not perceive, from our point of view, a lot of time spent on the other votes.

Mr. Mancini: I certainly do not want to diminish in any way the importance of occupational health and safety. It is one of the most important issues we face today. But I was hoping we could spend anywhere from 45 to 50 minutes on the other votes, for example, employment standards. We have a great many questions to ask about employment standards. I particularly have a presentation I would like to make concerning the Ontario Manpower Commission. The Ontario Human Rights Commission is also very important and we should allocate 45 or 50 minutes to that.

I understand our time constraint problem, but if we allocate time, I would be willing to cut

some time from the compensation board to give it to the occupational health and safety discussion. If we are going to allow ourselves to have in-depth conversation in only about three or four areas, then I do not think we are really doing justice to the whole works.

Mr. Chairman: I think you can talk on any area you really have a great concern about and you will have time to do that. But it is very difficult to lay out the hours for anything specific because we always seem to get off base somewhere.

Mr. Mancini: I wonder if we could have a general agreement that we would try to spend a minimum of 45 minutes on each of these topics.

Mr. Mackenzie: If it is needed, you have an hour on each of them that you could spend, even if you allowed two on employment standards and three and a half on occupational health and safety.

Mr. Harris: You were talking about the amount of time that would be left. You were going to take an hour and Mr. Mackenzie two hours. You have not left any time for the minister to respond, which I assume might be an hour or two with supplementaries back and forth.

Just as you are willing to go on equal time, in spite of the three to two representation you mentioned, and in spite of the three to one and two to one representation we have, I think we are probably willing to go on equal time as well. I think it ought to be borne in mind that very often when time is allocated, when somebody takes up 45 minutes, if he has 45 minutes to bring up something, that sometimes leads to 45 for another party and 45 for another party and everybody forgets the minister replies for what might be another 45.

Mr. Mancini: That is why it is important to have some ground rules laid down now so we do not get into any acrimonious discussions about there not being enough time for this and this being important and "Why won't you let me bring up this area?" I think it is your responsibility, Mr. Chairman, to see that we spend some time on every program. I do not think we would be doing our job correctly if we did not.

For example, I have many questions in regard to some of the points of view presented by the minister in his 227-page statement, but I want to bring those concerns up under the appropriate headings.

Mr. Chairman: That should not be any problem. I think it is a problem to lay out eight

different hours for eight different items and stick with that. As Mr. Harris has said, you have the replies, you have the other people who want to get in on a specific item, and in your opening remarks, you will probably be keying in on five or six different areas of the estimates. If you want to proceed with what you have, we will try to get something together later on before next week so we would know whom to have in, if that is agreeable.

Mr. Mancini: Mr. Chairman, minister, ladies and gentlemen, it is my privilege to attend these deliberations for the first time as the Labour critic for the official opposition. At the outset, I wish to address the committee in very general terms, following the pattern set by my predecessor, the member for Windsor-Sandwich (Mr. Wrye). Afterwards I shall raise certain specific issues on which I shall ask the minister to comment during the course of our long committee hearings.

About two years ago Barbara Tuchman, a formidable historian, past president of the American Academy of Arts and Sciences and a Pulitzer prize winner, wrote an essay which appeared in the New York Times magazine, dated November 2, 1980, entitled, "The Decline of Quality." The essay begins as a lament and it ends as a rallying cry.

The subject of her reflection is the deterioration of standards in modern North American life. Her observations are largely restricted to the realms of craftsmanship, the arts and our cultural life. The same theme has been articulated with respect to corporate management.

Thomas Peters and Robert Waterman wrote last year's business best seller, *In Search of Excellence: Lessons from America's Best-Run Companies*. Most of our Ontario companies are branch plants of American corporations, and I think this has an effect on the way our industry is run here in Ontario. The treatment of the issue by Peters and Waterman is confined to the search for excellence in corporate managerial skills.

I share the objectives and concerns of Tuchman, Peters and Waterman. We all sense from our conversations with constituents that there has been a decline of quality and a failure to pursue excellence. From the opposition's view, this is especially true in the governing of our province. In some respects, I would add ruefully, it is also true of the operation of the Ministry of Labour, even though I sincerely believe the minister, the deputy minister and the senior staff are people of goodwill.

What is the basis for these statements? It must be apparent to us, especially as legislators, that people have come to expect and to be satisfied with mediocrity. The prevailing attitude among the citizenry is typified by passivity and resignation. We are witnessing a retreat from activism and vitality.

Satisfaction with superficiality—and I must add I think the Ontario Conservatives are probably masters of superficiality—has surpassed pride in accomplishment. Commitment to self has largely replaced commitment to a cause or to a community.

We must return to standards of the highest quality. We must pursue excellence. What do I mean by excellence? I accept Tuchman's definition. Excellence means "the investment of the best skill and the best effort possible." It means reaching for, though not necessarily always attaining, "the highest standard as against being satisfied with" something mediocre.

It is "honesty of purpose as against catering to cheap or sensational sentiment." It does not allow or compromise with the second rate. Yet, withal, in our modern era we find ourselves seduced on a regular, daily basis by the urge to compromise. Sometimes we seek this path of lesser resistance grudgingly. Mostly, though, we travel the path eagerly, having accepted ease in the place of challenge and expedience in the place of courage.

Given the economic and social pressures we constantly face, our behaviour is not difficult to justify. Individually and as a society, we yearn to acquire. This acquisitive ambition leads inevitably to a stress on quantitative values. It leaves little time for qualitative considerations.

The individual feels further justified in adopting the attitude of getting by with the least effort because, most often, the exemplar of this behaviour is the apparatus of government itself. The failure of this government's standards trickles down to all levels of society, to individuals in all fields of endeavour and struggle.

Beginning with those of us in public life, people must emphasize the obligation always to attempt the very best effort possible. Society is shaped and defined by the symbols to which it adheres. These symbols play a significant role in determining the priorities of our political life and the way we respond to problems, for they determine our habits, attitudes, manners, tastes and prejudices.

The main symbols of our society, unfortunately, are directed by the advertising imperatives of mindless consumerism and the mass market.

These symbols are reinforced by the efforts put forth by this Conservative government, which is guided in many ways only by polls and by what its advertising agencies tell it in order to continue the period of longevity it has enjoyed up to this point.

In my view, it is becoming increasingly clear that the longevity of the Conservative government is contributing to the acceptability of intellectual complacency. The principle of excellence has been set aside in favour of expediency. The public is the first to realize this. Yet, ironically, the public is also the first to be cheated by this.

What are the implications for society of continued and continual exposure to non excellence in endeavour? What is the impact upon the national character of the demonstrated publicly acceptable attitude of serving oneself first and foremost and the group or the community only secondarily?

We are already seeing the result. As I mentioned earlier, it is the predominance in the community of an attitude marked by resignation and passivity. Once this attitude finds itself a refuge and takes root in the younger generation, our society will be in trouble. Last year my colleague the member for Windsor-Sandwich said the following, and it warrants repeating:

"The harsh, unrelenting winds of economic recession have sown the seeds of suspicion, distrust, even derision for our traditional institutions, not the least of which is the very institution of government itself. We are seeing the harvest of this bitter crop in the frequency and in the vehemence of the demonstrations against government here at Queen's Park and throughout the community by interest groups of all stripes and of all causes.

"We must cope with this phenomenon in accordance with the highest standards of fairness and of compassion within our society, if we are to remain a decent society. Our sole purpose is to try to design mechanisms that, as far as is humanly possible, serve the best interests of the community, even though our respective views of best interests may sometimes differ.

"More than ever we must protect those on whom economic circumstances have dealt their harshest blow. Our justification for doing so derives from the very rightness of the act. It is an affirmation of the sense of compassion of which I spoke earlier. This is the proper domain for government.

"When since the horrible Great Depression has the need been greater for enlightened,

humane policies? Government, this ministry, must respond to proven need with moral integrity and social purpose. It must respond to workers whose jobs are threatened or have been lost to firms whose products are becoming less competitive or unmarketable and to communities whose major industries are failing or have failed. The principles upon which this ministry builds its response will provide the foundation for all ministry response to all demonstrated need throughout the major programs it administers. What are those principles? I suggest they are commitment and co-operation.

"I am not the first advocate of those principles. Recently, Professor Michael Walzer at the Institute for Advanced Study in the United States called for the need to invoke the moral vision of a society whose citizens are committed to one another and willing to share the cost of the commitment. It is this willingness, philosophically and politically, which must win the day."

The minister himself last year acknowledged the need to be guided by a similar sense of commitment in the operation of his ministry when he said there is a "general obligation of the ministry to enhance fairness, equity and security in the work place."

It is heartening that we share at least this philosophical springboard. However, the democratic process is emasculated if the loyalty of a government is above all to the preservation of its longevity and power rather than to the equitable exercise of that power.

The failure to pursue excellence leads slowly, but surely, to the abandonment of our true purposes: the quest to enhance the human condition, to enrich our democratic values, to ensure the general welfare and to endure against adversity.

Our political life must set the standard for best effort. We are obliged to lead, to show the way and not to be complacent. Incompetence need not be a feature of contemporary life. Tuchman's observations of those who are subservient to quantity rather than quality are apt in reference to a government which, "feeding on foolery, of which a steady diet, for those who feed on little else, cannot help but leave a certain fuzziness of perceptions."

The time has come to put a halt to fuzzy perceptions and nonexcellence in government performance. Like Barbara Tuchman, Thomas Peters and Robert Waterman, I too believe that "the urge for the best is an element of human-kind as inherent as the heartbeat."

The test for this government and for this ministry as we examine its programs must be: Has this been the very best effort possible? Against this background, let me raise several issues which I know this committee would like to address.

The first issue is one of long standing, one that has become aggravated because of the economic downturn and one that the Ontario Liberal Party recently told to the public in the most extensive manner possible to an opposition party, when one considers our numbers, our limited dollars and the limited resources we have to inform the public of certain issues. I am talking about the issue of youth employment.

As of October 1983 there were 156,000 young people aged 15 to 24 years unemployed in Ontario, equal to an unemployment rate of 14.8 per cent. The average rate in 1983 was 17.1 per cent, compared with 12.4 per cent in 1981. The average rate so far this year has been 18.5 per cent. Anybody who has studied the demographics of youth unemployment will know that in certain parts of Ontario youth unemployment reaches 24 per cent. In any society this would have to be deemed a crisis situation.

3:30 p.m.

I know the minister spent considerable time in his opening presentation on the matter of youth employment. Just for a moment, on behalf of my colleagues in the Liberal caucus and the Liberal leader, I want to take credit for the fact that the minister has spent a considerable amount of time on this issue, because we certainly had some impact on Ontario some three weeks ago when we held news conferences around the province. We informed individual regions as to what their youth unemployment rates were, what the prospects for job creation were, what could be done and what was not being done.

Mr. McKessock: A lot of people are looking for applications for that job program.

Mr. Mancini: Yes, there are a lot of people looking for applications for that job program. We would be thrilled if the minister were to take the program we have developed to the next cabinet meeting, fine-tune it if he thought some fine-tuning was needed, put his name on it and introduce it, because that program if it had been implemented last year would have helped 14,000 unemployed youth.

We are talking about the unemployed youth who are unable to get jobs. We are not talking about the unemployed youth who can move in

and out of the work force, some of whom have some skills or some type of education. We are talking about youth who have been out of work for more than 20 weeks, who have no skills, who have a very limited amount of education, who have nowhere to go and who over a period of years will think it is normal not to have a job.

If we do not reach out and provide assistance for the 28,000 youth who were unemployed for more than 20 weeks at a time last year, then we are creating grave trouble for ourselves in the future. We as a Legislature will have to face that trouble, and the minister, as his job today allows him, can do something about it.

We also did a review at the time—the minister went through this in his opening statement, so I will not use our valuable time here to repeat the statistics, figures and the amount of moneys that are being allocated to youth employment. There is the duplication we are having between the federal and provincial government; we know there is more than \$100 million being spent at present, but the programs in place now do not offer long-term jobs, they do not offer retraining or job counselling and they do not offer a future to Ontario's unemployed youth. We leave it to the minister to review our program and introduce a better one if possible.

We talked about best efforts. We think we have come pretty close to a best effort on this youth employment program, which was introduced some three weeks ago. We are anxious to see a better effort if it is possible. We challenge the Ontario Ministry of Labour to produce a better effort.

As I said earlier, I want to speak generally on several subjects. Since my strategy for these estimates is somewhat different to the minister's or that of the spokesman for the third party, a lot of the nitty-gritty and specific concerns I have will be raised under the appropriate program heading when we get to that particular vote.

Just as youth unemployment is a major concern, there are other major concerns that at least must be dealt with in an overview fashion. I bring to your attention the handicapped employment program. I know the minister has touched on this subject. I believe he is concerned about it and about how we are best able to provide jobs for handicapped citizens, but I will in no way accept the current effort being put forth by the ministry and/or by the government.

While we talk about unemployment for youth being a very serious problem, employment for the handicapped is almost nonexistent. We have been provided with figures that inform us that

anywhere between 50 and 80 per cent of our handicapped citizens are unemployed. When we talk about obtaining quality work and work that is enjoyable and productive, the handicapped of our province have been excluded 100 per cent. They cannot think in terms of job satisfaction. They cannot think in terms of a job, period. That is the problem.

I say to the minister that the support services, where they do exist, are inadequate. The vocational rehabilitation services of the Ministry of Community and Social Services do not sufficiently tie into the requirements of the persons in need. There are many other people in Ontario who agree with us. Minister, you represent the great riding of Sault Ste. Marie?

Hon. Mr. Ramsay: I am glad you used that adjective, because it is very accurate.

Mr. Mancini: There is a very famous daily paper that serves your community, the Sault Ste. Marie Star—

Hon. Mr. Ramsay: You just say that because they used your picture when you were up there. Go ahead. I am sorry.

Mr. Mancini: I am sure you have read the editorial of April 21, 1983, whose headline proclaimed "Disabled Deserve a Chance." Basically, that is what we are asking for on behalf of the disabled, that we give them a chance, that we put in place the mechanisms and the appropriate assistance to offer the disabled a chance.

I would like to read for the information of the members of this committee—because I know they all have other obligations and are very busy and it is impossible for any one member to read every editorial or every important article that appears in many of the daily papers that serve our province—a Toronto Star editorial of April 29, 1983, which said it about as well as anyone can. I am quoting from the article now.

"Tucked away in the Ontario Ministry of Labour is a small but valuable program aimed at providing employment opportunities for disabled people.

"The handicapped employment program, as it's called, works in two ways: The seven professional staff members spend the bulk of their time consulting with prospective employers—chiefly in the private sector—to encourage them to hire the disabled. In addition, money is made available to community projects that employ the disabled.

3:40 p.m.

"But, as Liberal MPP Bill Wrye noted in the Legislature the other day, the program has

become a victim of government budgetary restraints. While it had \$684,700 to spend in the last fiscal year, it has been cut back to \$671,300 for the current fiscal year beginning April 1.

"It makes sense for governments to target their spending carefully in these deficit-conscious times. But any savings should certainly not be gained at the expense of the most disadvantaged citizens.

"If anyone needs help in our society, it is the men and women who are disabled but who are nevertheless willing and able to work and anxious to become productive, taxpaying contributors to society instead of burdens on it.

"Yet the disabled often have great difficulty persuading employers that they can, indeed, do the jobs they're applying for. The Labour ministry's program helps with that persuasion.

"It's estimated that the unemployment rate among disabled persons is as high as 80 per cent. That being so, a five per cent increase in the program's budget—which would still be in keeping with the government's restraint program—would have been much more seemly than a two per cent cut."

I think that pretty well says it all as far as that program is concerned. It is not that the government is unaware of the concerns, and it is not that the government has not been lobbied by Action Awareness and other groups and by the members of the Legislature. My colleague when he was the Labour critic raised questions in the Legislature about the funding for the program, the lack of staff for the program and what we have concluded is the lack of best effort on behalf of the government.

I want to read into the record a letter written to the Premier (Mr. Davis) by Beryl Potter. Initially I was not going to, but I may not get a chance to do so later on because of the many issues that are going to be discussed and the tremendous amount of input many members want to have in this committee. Instead of losing the opportunity later, I think the record should show the communication between Action Awareness as it was directed to the Premier of our great province. It is dated September 29, 1983.

"Dear Premier Davis:

"Firstly, I must thank you for responding to my letter of August 29, 1983. Naturally, I was greatly disappointed to learn that you will not be able to meet with us personally on October 13, because I believe you are concerned with the desperate needs of disabled persons throughout Ontario.

"I received your message that the Honour-

able Bruce McCaffrey is to represent you at this time . . . I look forward to this pleasure on the 13th after a lengthy and positive conversation with his assistant, Mr. McCarthy, who is now quite aware of our views.

"However, Premier Davis, I want to make it perfectly clear that I am not acting as a member of the Ontario Advisory Council for the Physically Handicapped on these issues, where I realize that I may only advise through the chairman. As Beryl Potter, chairperson of Action Awareness, it is difficult to be quiet and passive when I am constantly dealing with hurts, anger and even threats of suicide from persons who are fighting for their very existence on pensions so far below the poverty line. I must therefore be very candid and honest when speaking out.

"One of the main reasons for this demonstration is that disabled persons are tired and frustrated with the so-called passing of the buck to nonpolitical committees. We are tired and angry with the number of surveys and position papers that lie gathering dust; we are simply asking that action be taken now.

"One example of the real tragedies of life, Premier Davis, is the 20-year-old who spends her life face down on an electric stretcher bed in an institution. The bed is constantly breaking down and she is forced to pay for the repairs from her \$61 per month comfort allowance. To buy a new one, as is inevitable, will cost her \$7,000 with no one to turn to.

"The only way that the situation can possibly change is for you to appoint a legislative committee consisting of members from all parties. My colleagues and I would be happy to work with this committee to set priorities and develop action plans.

"Enclosed is a copy of a page from the Judge Abella report, released September 12, 1983. The time of anger and bitterness is already upon us, Premier Davis. The disabled have become cynical because they are tired of being classed as second-rate citizens through no fault of their own.

"By coming to you with our concerns, we are trying to avoid these unpleasanties, but I cannot help feeling that the whole situation is being taken lightly by the government, which means that I have not done a very good job of convincing you otherwise; so I would like to paraphrase a statement made by yourself.

"Justice and fairness amongst all people must guide us as we live and work in our communities. These principles constitute an important

contractual link, which we must make not only with each other, but for our future."

"It is through such statements that your sincerity becomes so obvious, so why am I not reaching you with the importance of these desperate needs?"

"Premier Davis, unless we receive the answers we are looking for on the 13th, then we will have no option but to pursue the matter further upon your return.

"Yours sincerely, Beryl Potter, chairperson."

After having reviewed the handicapped employment program and read press reports and this sensitive letter from the spokesperson for Action Awareness, I think I can say without hesitation the government is not putting forth its best effort.

I want to touch briefly on the Employment Standards Act and remind the committee that the government's throne speech of 1982 promised measures to protect employees under the act in such areas as unjust dismissal and protection of severance pay.

Basically, we have not heard much further on those issues. In this year's throne speech of April 18, there was no mention at all of some of the most important labour relations matters facing our province. I am concerned that the philosophical document of the government, which the throne speech is, and which outlines to the people of Ontario its philosophical thinking at least for the coming year, would have so little to say on labour matters.

If I were in the minister's position, I would send the Premier a nice letter reminding him that the Ministry of Labour is very important and that he was that nice guy from Sault Ste. Marie who wants to be heard.

The member for Windsor-Sandwich last year advocated a strong, three-pronged policy for amendment of the Employment Standards Act. We believe this policy is still valid today. I would like to read what he had to say because this continues to be our policy.

3:50 p.m.

"In our view, the minister might consider a comprehensive, three-pronged program to protect not only workers of this province, but in the long run, the economy of this province. The first aspect of the program would require measures to avoid plant closures and resulting loss of jobs, in some cases permanently and in some fortunate cases only temporarily. The government must legislate the lessons of SKF."

Since I was a member of the select committee on plant shutdowns and employee adjustment, I

fully remember the specific situation of the SKF manufacturing plant, which I believe was located in Scarborough. It was a foreign corporation that closed down a plant here in Ontario so none of those particular goods would be produced here in the province. They would then be allowed to export their goods from wherever the head office of that particular corporation was—it was some place in Europe, in Scandinavia I believe.

Those are the things we have to stop. We have to tell foreign-owned companies that want a market in Ontario, that want access to a good and stable market here in Ontario, that they cannot close down their only investments here and then obtain permission from the federal government to import those same products into this province because those goods are not produced here. That should no longer be tolerated in our province. It is a game they are all playing. It is a tough world out there, but no country should be allowed to export unfairly its unemployment.

The second aspect of the three-pronged program addresses the shortfalls of the Employment Standards Act in dealing with the needs of employees who have been laid off or terminated. The most pressing issues requiring change in the Employment Standards Act relate to the following sections: subsection 40(2) and clauses 40(1)(a) and 40(1)(b). These sections deal with the notice provisions when employment is terminated for 50 or more employees and with the severance provision when 50 or more employees have been terminated.

In our view, the minimum conditions contained in the act need revision. As well, the existing loopholes in the regulations defining temporary layoffs need reworking. As we go on, I will welcome the minister's view in this regard.

Dylex was a perfect example. I think your ministry investigated the Dylex situation where they may have not contravened the law, but they must have hired themselves a Philadelphia lawyer in order to be able to circumvent the intent of the law. A company was allowed to lay off 47 or 48 workers and to do so in such a manner that anyone, even though he might not have any idea of the technicalities of the law, could see they certainly had done everything possible to avoid the intent of the law. I am not exactly sure what the ministry's investigation concluded, but the minister may want to tell me later on. That would be our second important issue.

Finally, the last aspect of any major program

must deal with protecting employees in situations where employers have become insolvent by way of either bankruptcies or receiverships. I recognize that in matters of bankruptcy this necessarily involves transjurisdictional involvement with the federal government. However, there is room for provincial initiative.

Concerning the federal government's involvement, I have somewhere—I guess not readily at hand—several articles outlining the things the federal government is interested in. They floated the idea of establishing a fund, and everybody was extremely unhappy with the fund. They floated the idea of possibly having so much money put aside for every employee, and then we found that would certainly hurt small businesses because it would take away from their borrowing capabilities; the banks would not especially like that.

As legislators, I think we all would agree that the employees' wages and benefits have to come first when a plant closes or a business is put into receivership. Everybody else who is involved in doing business with that company is doing just that, doing business. When one is involved in business one must realize, as do all businessmen I know of anyway, that there is always a possibility of a loss.

However, when you are an employee, give of your time and have contractual arrangements, either verbally or in writing, that after working your week you are to be paid so that you can pay your rent and put food on the table, that is something totally separate from other arrangements that companies have made with each other, and it must be treated as such. That particular problem will not go away.

As I said earlier, in my view and in the view of the Liberal caucus which has sent me here today to express its view, the government has not put forth its best effort in that area.

Mr. Chairman: Do you have anything further at this time, Mr. Mancini?

Mr. Mancini: How much time have I used?

Mr. Chairman: Just about the hour.

Mr. Mancini: I have used my hour?

Mr. Chairman: Just about. I think Mr. Mackenzie has a couple of hours.

Mr. Mancini: Do you have two hours, Bob?

Mr. Mackenzie: I have no idea yet until we time it.

Mr. Chairman: We are going to 5:30 today, so there is another hour and a half.

Mr. Mancini: Can I briefly touch on four or five more subjects?

Mr. Chairman: Carry on.

Mr. Mancini: The minister's office has produced a document, Preferential Hiring Rights in Business Relocations and Closures. I have extensively reviewed that document and made several pages of notes where I think I could be helpful to the minister and to the ministry. However, they are in a great amount of detail. I do not think I will take the committee's time to put it all on the record now. If I do not get a chance to come back to it later during these estimates, I would like to put the minister on notice that I will prepare all of this in a lengthy letter and forward it to him for consideration.

The issue of plant closures and a particular plant operation being moved from one part of the province to another bothers us considerably on some occasions. We feel the document that has been prepared allows a considerable amount of leeway as to whether or not preferential hiring should be allowed. I think those certain points in that document must be addressed before any type of legislation is put forward.

Basically, I have to say I think the Ontario Human Rights Commission has been doing a pretty good job. Although their case load is extensive and they seem to be handling things in a very sensitive way, I think that is one of the arms of your ministry I am probably most happy with. The only thought I would leave for members of the Ontario Human Rights Commission is that I do not want them to trivialize things.

4 p.m.

I am an immigrant to Canada. I do not know if you would classify me as a visible minority. If I shaved off my moustache, I would not be a visible minority. Is that right?

Mr. Eakins: We would not know you.

Mr. McKessock: We could hear you better.

Mr. Mancini: You would not know me, that's for sure.

I will not comment on the ridiculous situation in British Columbia where they have abolished their human rights commission and instituted some kind of government committee. That is ridiculous in the extreme. One of the arguments they used in British Columbia for that was some of the cases they had, which even surprised me.

The human rights commission, in my view, will always come under attack from many individuals in our society for many different reasons. As long as we do not trivialize their job

or they do not trivialize what they are doing themselves, I think the commission will always have a high standing in Ontario. I will leave it at that. If we can get them before the committee, I may have some more extensive questions.

The minister mentioned late in his brief that there was concern about the retirement age. The Charter of Rights was mentioned and also the new case law that is going to be built up over the next number of years as we receive more and more judgements from the courts as to how the charter applies in many instances. The way things stand now, I am definitely in favour of compulsory retirement. I believe people who have worked for 40 years or more deserve to have an extensive period of time when they can enjoy themselves a little more and use some of the pension benefits they paid into and built up over a number of years.

I am sure all of us in this room are looking forward in some respects to the day when we feel we have contributed a great deal to society and our lifestyle will change. We will expect the contributions we made while we were working to be returned to us in the form of a pension. If we want to relax all day or visit relatives or enjoy ourselves in any other way we can think of, we can do that. The former mayor of Harrow, who is a very good friend of mine, is over 70 years old. He has been retired since he was 65, but he is still on the municipal council. He told me he and his wife just bought a hot tub. I think there are lots of things we can look forward to.

Mr. Eakins: You can come and sit in the gallery at Queen's Park.

Mr. Mancini: I am very nervous about the lifting of the compulsory retirement age because, in my view, that may lead, and I believe will lead, to people being forced to work longer. If people are fortunate enough to be unionized, their collective agreements might be such that over a period of years their pension benefits will not be substantial and they will have to work until they are 68 or 70 years old.

That problem, in my view, has not been diminished in any way, the charter notwithstanding. When anyone makes a decision about when someone can retire, he has to take into consideration the number of years a person has contributed to society and what retirement is all about.

I wanted to touch on the area of occupational health and safety. I cannot do an adequate job on that very vital and important area with the time scheduled the way it is now. I want to put the minister and staff on notice that when we get

to that section, as Mr. Mackenzie, the spokesman for the third party has indicated, we might appropriate two to three hours for that.

Mr. Chairman: I think that might be a good idea. You have touched on most of the other votes except that one and possibly you and Mr. Mackenzie, as you agree, could probably spend an afternoon on vote 2304, which is occupational health and safety.

Mr. Mancini: I want to thank you, Mr. Chairman, the minister, his staff and the members of the committee for being so cordial.

Mr. Chairman: Would the minister like to reply now or would he sooner wait until after Mr. Mackenzie? Okay.

Mr. Mackenzie: Mr. Chairman, I welcome the opportunity to participate in what I think is my seventh set of Ministry of Labour estimates. I am beginning to think it is time I got out of them or I will become a total cynic in this field.

Last year the minister went on for three hours and I guess I used about the same amount of time. I did not intend, and I am sure the minister will appreciate this, to be nearly as long today. I am not sure he has not thrown me a bit, though, with his three hours and 15 minutes. I would not want him to outdo us.

I would like to tell the minister that I appreciate his willingness to discuss the various labour matters that we are hitting him with almost daily. I appreciate his quick willingness to meet with the workers' groups that are affected or with their representatives. I trust that willingness will continue. I know that in a matter of hours, or in a day or two, he is going to have a very serious request from representatives of nursing home workers asking for a general meeting with him.

Hon. Mr. Ramsay: It has already been scheduled.

Mr. Mackenzie: That is one of the major problems we are going to be facing and I want to deal with it a bit. I want to let him know that he means well and his sincerity comes through. To be honest, I also want to say that I suppose, with a few exceptions, there are occasions when I have criticized some of his staff.

My criticisms probably should have been directed more to the policies of this government and what the staff has to work with. In most cases, whether it is conciliation or the power of their intervention in the restraint bill situation, generally speaking most of the employees I have to deal with, and there is a number I call fairly regularly, do put in a great deal of effort. I think

they have a good feeling for their jobs and the workers they are trying to represent.

Having said that, I would be a bit of a hypocrite if I did not tell him also that, while I am sincere in that, I think the lousy political philosophy of this government, of the party he represents, negates a hell of a lot of the sympathy and concern that is shown by the minister and some of his staff. I want to deal with a few of those matters in the course of these estimates.

Before putting together my remarks, I spent some time going over the entire set of estimates from last year. It is not very interesting reading, but it is interesting in terms of what was said, the issues that were raised and the studies that were supposedly under way.

4:10 p.m.

In spite of the rather glowing presentation of the minister last year and again this year with the few warning signals he puts up, I am amazed at how little has been accomplished, at how many of the issues are still with us from the previous years and apply again this year and at how in some areas we may even be slipping backwards. It concerns me more than a little.

I was extremely angry last year and I remain angry. However, I have had rather firm instructions from my wife, who can be my own best critic, if I do nothing else, to clean up my language a little bit. I had intended originally to take less time and also to try to drop a few of the "hells" and "damns" that seem to slip out. I think it must be my trade union background, I am not sure.

Being shorter in the presentation, if that is the way it works out, does not mean there is not a heck of a lot that could be said. It simply signals an attempt to highlight the serious problems a little more clearly if I can and with a little less verbal anger, simply because I have reached the firm conclusion that convincing the electorate to change this doggone government is the only way we are really going to change some of the things that are going on in the province. This is my province and I happen to love it an awful lot, but I can tell you I do not think I have ever had less respect for a government than I do for this government we have in Ontario today.

Let me deal first, if I can, and at some length with the government's cynical, deliberate, and I think frivolous attack on workers in the public sector with the Bill 179 episode. I noticed with some interest a little piece in the *Globe and Mail* a week or two back, on October 26, 1983, an article by Wilfred List.

"The Ontario government originally favoured

a nationwide incomes policy for both private and public sectors and introduced its more limited controls only as a second choice, a conference dealing with collective bargaining was told yesterday.

"Rollie Scott, executive director of the staff relations division of the Civil Service Commission of Ontario, said the government introduced controls on the public sector only after it was unable to get agreement from other provinces on a national incomes policy."

Some of the other comments at that conference were interesting. The same Mr. Scott "defended public employees and said they are as productive as workers in the private sector." I agree with him totally on that comment. I think some of our most dedicated workers are in the public sector. You referred to that yourself in some of the comments about your own staff.

Let me tell you, that is one of the reasons I am so darned angry about what we did to public sector workers in this province, the fact that we carved them out to be the scapegoats.

I found interesting, in the same article, the comments of Carl Beigie, vice-president and chief economist for Dominion Securities Ames in Toronto. He agreed there is a "high degree of political opportunism" in attacks on the public sector. That is exactly what has been going on and it is exactly what the legislation we got was based on.

I also found disturbing the comments of John Keenan of Noranda Mines, because I think this is some of what we are up against. He said, "management's bargaining agenda"—now we have got over the phase of controls—"will include measures to create improved efficiency and lower costs."

He said "companies will seek to get greater flexibility in the use of work forces," but there "would be increased use of part-time employees"—I underline that particular comment, because it is one of the areas you should have some danger signals up on in Ontario as well—"a gradual elimination of cost-of-living clauses, a cap on company contributions to benefit plans and a reduction in unproductive time."

That also is a pretty general reaction of the business community in this province today. There are exceptions, I know, but I have had more than a few talk to me about it. I was glad to see that Bob White, Canadian director of the United Auto Workers, made it very clear that "labour will not permit people like Mr. Keenan to 'lay out a litany of what's to be changed.'"

I raise this with you simply because I think it

clearly signals the other side, if you like, of that plea you made at the end of your comments for some kind of change in the adversary relationship, some better relationship between labour and management. You will find it difficult to get that when you talk to workers such as those at Consolidated-Bathurst and when they know the kind of statements that were made by the president of that company at a meeting which you attended.

You find it very difficult today when you talk to nursing home workers who are finding their jobs cut out from under them after their wages have already been controlled and they are going to bring in somebody at half the rate or less. I suggest to you, and I will make a few specific comments about that, we are going to have a real problem very quickly in that area.

When you have these kinds of things going on, when you hear the comments of Mr. Keenan and the comments of Mr. Beigie that it is politically acceptable to bash public sector workers, then you understand why workers generally begin to wonder at the calls for some kind of a realignment, to sit down at the table and sup together with the business and industrial community, or even the public sector community, those that are in authority in many cases. I include our own government, after it brought in the bill that it did.

You understand some of the cynicism that I have and that is out there, even though there is an awareness that things are not going very well and that at the moment workers in this province are the underdogs.

The ministry is well aware of our efforts, our impassioned pleas—we were called a lot of other things: we were "stalling," "filibustering," you name it, during that bill—but there was not a member in our caucus who was not very concerned with that legislation and some of them very eloquently pointed it out in the House. I can recall the plea that Jim Renwick made in the House, in terms of the legalities of it. A heck of a lot of it has been proved to be right now.

We were concerned with what the bill did to innocent workers and the dangers that Jim raised of constitutional law as set out in the new Charter of Rights. I trust the minister read very closely the judgement recently rendered. I know I did. I am assuming he caught—he may not agree with me—a very strong criticism of both himself and the Attorney General (Mr. McMurtry) in that judgement, in specifics.

In respect to Minister of Labour Russell

Ramsay, Mr. Justice O'Leary stated that it is not sufficient for a member of the government to simply state that the government's choice of action was the most sensible choice.

It goes on to say that if the government could justify the infringement of a guaranteed freedom in that fashion, section 1 of the Charter of Rights would be meaningless.

He was referring, as you know if you read it, to your comments on that, minister. That is something I would not be very proud of if somebody raised it with me, having made that kind of a statement in the House and taken that kind of a position in terms of the legislation.

I think it is important to put on the record a little bit of information on the background to the decision. The new Bill 111—controls of a slightly different sort and by another name in this province, with some of the nasty implications you got slapped on the wrist for by the courts out of there—is the same kind of an attack on working people in this province.

When the Inflation Restraint Act was passed in 1982 it contained provisions to control the wages of public sector employees. The act also restricted the rights of these employees to organize, bargain and strike. I do not think there is any argument on that.

Clause 13(a) of the act attempted to control wages by extending the terms of the "monetary" or "compensation" provisions, called "compensation plans."

Clause 13(b) of the act attempted to restrict workers' rights to bargain by extending the terms and conditions of every public sector collective agreement. By extending the collective agreement, the expiry date of the collective agreements would change.

The expiry dates of collective agreements trigger a number of rights under various labour acts. Within defined periods of time prior to the expiry dates of some collective agreements, "new" unions may apply to displace incumbent unions and unions may serve notice to bargain on employers. This notice also begins the procedure and time periods which may, for those public sector employees who have not been denied their freedom to strike by legislation other than the act, put the union and the employees in a legal strike position.

The act, by extending the collective agreements, had the effect of changing the expiry dates. The workers and unions covered by the act would lose their pre-act rights to organize

and bargain. There is no doubt about that. They would have to wait until new "open periods" arose prior to the extended expiry dates dictated by the act.

Also, by extending the collective agreements, the "no strike" provisions contained in the collective agreement were extended and employees' rights to strike were therefore restricted by being delayed.

Thus, by extending the collective agreements, clause 13(b) would have infringed on rights of workers to organize, to bargain and to strike. That was at the core of some of the court decisions.

Facts of the cases considered by the court were based on three different cases, as you know. The first two cases were reviews, by the Divisional Court of the Supreme Court of Ontario, of board decisions which had interpreted the act.

4:20 p.m.

Case 1, the Service Employees' International Union, Local 204, Broadway Manor Nursing Home, the Christian Labour Association of Canada and the Ontario Labour Relations Board. In this case the board had to decide whether the collective agreement between Broadway Manor and CLAC was extended beyond the expiry date set out in the collective agreement as a result of clause 13(b) of the act.

At issue was the right of the employees to choose a different union, the SEIU, to represent them. To certify this new union the application to displace the incumbent union would have to be made within the two months before the collective agreement expired, the open period for such applications.

The SEIU applied to the OLRB to be certified. Under normal circumstances, pre-act, the collective agreement would have expired on the expiry date set out in the collective agreement and the SEIU's application would have been timely. The SEIU could therefore have displaced CLAC as the union entitled to represent employees at Broadway Manor if the majority of the employees chose to have SEIU represent them.

The OLRB found that clause 13(b) of the act extended the collective agreement and it therefore dismissed the SEIU application for certification as being untimely. This meant that employees of Broadway Manor had, as a result of clause 13(b) of the act, lost the right to change unions if they chose to do so.

The SEIU asked the court to review the board's decision.

Just as a sideline, because I think I deal with it a little further on in my comments as well, I might point out that one of the problems we are running into with nursing home workers is that the unions representing them in many cases had realized, as a result of a couple of decisions, that one of the things they could go after was clauses against contracting out.

They were not only shot down in terms of a real reduction in some cases in nursing home workers' wages as a result of this government's restraint legislation, but they also lost for a year the right that might have seen some of them—it is only conjecture on that point—write into the record clauses that would have prevented the contracting out. Now they are being nailed to the wall but good, by exactly that sort of situation happening in Ontario.

Case 2, the Durham Board of Education and the Ontario Secondary School Teachers' Federation, district 17. The issue in this case was similar, whether 13(b) of the act extended the collective agreement between the Durham Board of Education and OSSTF. In this case, the effect of such an extension would be to deny employees the right to compel their employer, the Durham Board of Education, to begin good-faith bargaining with the union.

The OSSTF had given notice to bargain to the board of education. The board refused to bargain since it contended the collective agreement had been extended by clause 13(b) of the act and that the OSSTF therefore could not give notice to bargain and compel good-faith negotiating.

However, the Education Relations Commission decided the collective agreement was not extended by clause 13(b) of the act. Only the terms and conditions of the collective agreement were extended. Since the collective agreement was not extended, notice to bargain could be given within the proper time period and the board of education could therefore be compelled to bargain in good faith. The Durham Board of Education asked the court to review the board's decision.

Case 3, Ontario Public Service Employees' Union and the Attorney General of Ontario. This case did not involve a specific fact situation or board decision. Instead, OPSEU asked the court to review the act and to decide whether the act as a whole or any part of it was unconstitutional.

The court held it was unprepared to hold that

the entire act was unconstitutional. Thus, provisions of the act extending and controlling the monetary terms of collective bargaining were valid. However, clause 13(b) was found to be unconstitutional. I understand you are now appealing it, but that was certainly the core of the case.

Mr. Justice Smith and Mr. Justice O'Leary decided that clause 13(b) of the act did have the effect of extending collective agreements and that it was therefore unconstitutional.

Since provisions of the act extending and controlling monetary terms of collective agreements were valid, the decision declaring clause 13(b) to be unconstitutional meant the act could not deprive employees of the right to compel the Durham Board of Education to bargain in good faith with respect to nonmonetary items. In addition, the OSSTF would be able to strike over such matters.

The decision also meant that the employees of Broadway Manor had the right to organize and to choose the union they wanted to represent them.

Mr. Justice Galligan found he could interpret clause 13(b) of the act in such a way as to find the collective agreements were not extended by clause 13(b). Accordingly, as he stated, he did not have to declare clause 13(b) of the act unconstitutional in order to allow the SEIU's right to apply to represent employees at Broadway Manor and the OSSTF's right to bargain with respect to nonmonetary items.

Thus, although Mr. Justice Galligan's argument proceeded differently to those of Mr. Justice Smith and Mr. Justice O'Leary, the court was unanimous in finding the pre-act right to bargain and strike on nonmonetary items and the right to organize could not be restricted by the act.

The reasons given for their decision? The court considered factors such as international law, the history of freedom of association in common law and the intention of the draftsmen of the Canadian Charter of Rights and Freedoms. It concluded that the freedoms to organize, to bargain and to strike are freedoms protected by section 2 of the charter. The court recognized that these freedoms are essential to the "freedom of association."

I want to stop for just a minute again, Mr. Chairman, because not only was the kind of restraint bill as applied to public sector workers unfair—sleazy probably would be a better way of describing it—but it also raised serious questions concerning respect for the law and the

rights we have recently enshrined in Ontario. They are all at stake after what you did unilaterally with the workers.

The court placed particular emphasis on international conventions, and I might say that I raised these International Labour Organization principles in the House.

Mr. Justice O'Leary quoted extensively from ILO principles, standards and procedures concerning freedom of association. The ILO sets out specific conditions under which the right to strike can be limited. In particular, the quoted statement from the ILO is as follows:

"Such a prohibition should be accompanied by guarantees to safeguard to the full the interests of the workers concerned, consisting of adequate, impartial and speedy conciliation and arbitration procedures in which the parties concerned can take part at every stage and in which the awards are binding on both parties and are fully and promptly implemented. In the case of essential services, the prohibition of strikes should be confined to services which are essential in the strict sense of the term."

Since these freedoms are protected by the charter, infringement of them would violate the charter, unless the government could show that the infringement of the freedom is "within such reasonable limits as can be demonstrably justified in a free and democratic society."

Section 1 of the charter in effect allows certain freedoms protected by the charter to be infringed. However, the freedoms may be infringed only if the infringement is within "reasonable limits" and "justifiable" within the meaning of the charter.

I think that is an important comment.

Both Mr. Justice O'Leary and Mr. Justice Smith emphasized that the charter would be emasculated if the government's arguments of "reasonableness" were not critically examined by the court.

Mr. Justice O'Leary stated that it is not sufficient for a member of the government to simply state that the government's choice of action was "the most sensible choice." In this case he referred to the Minister of Labour, the Honourable Mr. Ramsay.

Mr. Justice O'Leary went on to say that if the government could justify the infringement on this basis, the Charter of Rights would be meaningless.

Both Mr. Justice O'Leary and Mr. Justice Smith found the government was obligated to prove that the infringements of the freedoms

were reasonable and justified within the meaning of the charter.

At this time, the court indicated it was unprepared to find unconstitutional the act as a whole. The infringement on the freedom to bargain with respect to monetary items and on the freedom to strike over such items was reasonable in view of the act's specific objective of restraining inflation within a limited time period.

The court made it clear, however, that this decision would not prevent a future attack on similar legislation. Mr. Justice Smith indicated that if the right to bargain with respect to monetary items, and to use the strike sanction to back up such bargaining, were extended beyond the time period of the present act, or if the present act were extended without change, the court's decision could be different. The court would then decide the constitutionality of the restrictions in the light of the circumstances prevailing at the time and a new balancing exercise engaged in by the court.

In terms of the justice of this, again and again you see that questions were raised that could have meant further challenges. You would have been in one hell of a position if you had tried to proceed with just an extension of the control period or a harsher variation of it than you actually did in the House.

All three judges agreed that any infringement on workers' freedom to organize and to choose their union and to bargain on nonmonetary issues could not be reasonably justified for the purpose of restraining inflation.

In fact, Mr. Justice Galligan felt there was no argument that these infringements could be justified. He stated: "During the course of argument on a number of occasions members of the bench asked counsel how the infringement of workers' freedom to choose their union and to bargain on nonmonetary issues could reasonably be justified for the purpose of imposing a wage freeze. I recollect no satisfactory answer and I have been unable since argument to think of one." That is on page 41 of the decision.

4:30 p.m.

Thus, section 13(b) infringed on the freedoms to organize and to bargain on nonmonetary matters. That infringement could not be reasonably justified as being necessary to achieve the objective of restraining inflation. Thus, the section was held to be unconstitutional because it infringed on the right to freedom of association and that infringement could not be justified under the charter.

Some implications of the decision:

1. The freedoms to organize, to bargain and to strike are guaranteed by the charter since they are necessary aspects of the freedom of association.

2. We feel that since these freedoms are guaranteed by the charter, the government will have to demonstrate that any legislation encroaching on these freedoms is reasonable and justifiable within the meaning of the charter. It will have to show that the benefits of the legislation outweigh the infringements on the freedoms to organize, to bargain and to strike.

3. Even if the government is able to prove that a particular piece of legislation is reasonable and justified within the meaning of the charter, it must show that each part or section of the legislation has a necessary connection with the objective of the legislation. Again, the benefit of each part or section will have to outweigh the cost of infringement in a free and democratic society.

4. The court has attached very high value to the freedoms to organize and to bargain and to strike in a free and democratic society. These are important freedoms, and they are freedoms guaranteed by the charter.

I think the overview we have pulled together on this is important enough. There is a page left and the comments of the three justices are worth putting on the record as well.

This is Mr. Justice Smith, on pages 26 and 27 of the judgement: "It follows, and it is trite to say, I suppose, that the freedom to associate carries with it the freedom to meet to pursue the lawful objects and activities essential to the association's purposes, being in this instance the wellbeing, economic and otherwise, of its members. The freedom to associate as used in the charter, not being on its face a limited one, includes the freedom to organize, to bargain collectively and as a necessary corollary to strike."

Mr. Justice Galligan states on page 33: "The purpose of an association of workers in a union is clear: it is to advance their common interests. If they are not free to take such lawful steps that they see as reasonable to advance those interests, including bargaining and striking, then as a practical matter their association is a barren and useless thing. I cannot imagine that the charter was ever intended to guarantee the freedom of association without also guaranteeing the freedom to do that for which the association is intended. I have no hesitation in concluding that in guaranteeing workers' freedom of association, the charter also guarantees at the very

least their freedom to organize, to choose their own union, to bargain and to strike."

Mr. Justice O'Leary states on pages 60 and 61: "The right to organize and bargain collectively is only an illusion if the right to strike does not go with it. The main reason that the right to organize and bargain collectively is assured employees is that they may effectively bargain with their employer. To take away an employee's ability to strike so seriously detracts from the benefits of the right to organize and bargain collectively as to make those rights virtually meaningless. If the right to organize and bargain collectively is to have significant value then the right to strike must also be a right included in the expression 'freedom of expression,' and I conclude that it is."

The court's decision raises potential questions about the validity of some aspects of provincial legislation for collective bargaining in the public sector. In particular, restrictions on the scope of bargaining and limitations on the right to strike in nonessential public services are, I think, called into question. Further, it is clear from the decisions that in the event that controls were extended beyond a limited period, the court's decision could be very different.

I spent a little time on that because it was a little shorter; maybe it is not as well done, but I think also the memorandum from Sack, Charney, Goldblatt and Mitchell on the Supreme Court decision was very good. I have no doubt that the minister and his staff have taken a look at that. On what they are basing any appeal they are making, I do not know; I am not a lawyer.

I simply point out to you that when we were raising the issue of the control legislation a year ago, we were doing it in a serious way. We were doing it on the basis of more justice to workers and the absolute unfairness of using one group of workers as a scapegoat, more than anything else. We were also doing it on the basis that you were threatening, you really were threatening, some of the basic rights of workers in Ontario and they are under enough attack as it stands right now.

Because of the black eye this government received as a result of the court decision, the government again, without any arguments to the contrary from the Minister of Labour, has decided—I really do not think it is his decision; I suppose it is the cabinet's decision and that of some of his colleagues—to stick it to labour again and to let others be the fall guy.

The strict limitation on transfer payments simply means that the range of bargaining and

the responsibility will, in many cases, revert to municipalities and school boards. When you get into the teachers' range, for which there may not always be as much public sympathy, and the higher-income level and some of the problems they have with regard to the grids and the rates, five per cent means nothing. You are probably looking at a desperate attempt to make up some of what they have lost through negotiated agreements. Any increase for any of the rest of them is going to be very unlikely.

Without the inflationary argument to fall back on now, which was one of the few arguments they really had, with the security of employment argument growing weaker in the overall public sector almost by the day and with the cutbacks and contracting-outs and restrictions in the health care field and so on continuing, I have real problems with understanding the justification for once again bringing in even the reduced piece of legislation you have. I think the government has taken a dishonest and cowardly way out.

Let us be very clear, although I do not want to repeat myself, why it happened. I think it was the court decision—the Conservatives really were breaking the law without reason—coupled with the political unease which I noticed started to generate more quickly than just with the basic constituency of organized labour, or the Ontario Federation of Labour, or the nursing home workers or the hospital workers themselves.

We ended up with 5,000 names on a police petition and a pretty strong statement from the police, and the Premier (Mr. Davis) was told that similar petitions would be coming in from the firemen and from the Ontario Provincial Police as well. These are not constituencies that normally rally immediately with the rest of us in the labour movement, and certainly not with our party, but there were some very strong feelings from them as well. They were beginning to show their anger with the government over what had happened under Bill 179, and I think they flagged a very serious warning to this government.

Maybe the minister had already got the warning before all this started happening, I do not know, but I am going to tell him right now that while I do not necessarily think our position was a popular one publicly at the time, there are an increasing number of people who are not going to forget the dirt that was shoved down their throats by this Tory government.

I want to move on to plant closures. I continue to be amazed at the lack of under-

standing and compassion by this government when it comes to plant closures. Workers over 45 years of age, who have given 15, 25 and 30 years of their lives to a company, seem to count for darned little in the scheme of things. I could comment endlessly on some of the cases I have been personally involved in.

I will not go on at very great length, but I want to make a couple of comments once again. We did it two or three years ago, I suppose, in the Bendix response to workers; we have done it, just because it is such an unbelievable example, in the machinations that went through the whole SKF operation here in Toronto. But the Consolidated-Bathurst case, in my own town, I guess drove it home to me if I needed it—and I do not think I needed it—more than any other case.

We saw a group of workers—and I do not know whether it could have begun to be a viable option—pledging what they had in savings and what they had coming to them in pensions. This happened at meetings I attended. I was not there alone; I can remember the federal minister, John Munro, being there, and a number of other representatives at the meeting. These workers pledged their money, asking for at least a contact in the business community that they might have an opportunity, already some agreement at least locally that some of the orders they normally produced would stay with the plant if it was possible—and I suspect it probably was not in the long term—to put through a buy agreement.

The comments of Mr. Stangeland at that meeting in your office said it all. He was asked specifically about the offer to purchase. What was his analogy? I will never forget it. "Imperial Oil would not sell a choice corner lot to Texaco," and they were not going to have that kind of competition. I thought that was what private enterprise was all about.

The minister was there, the mayor of Hamilton and the regional chairman were there, and a number of other people were at that doggoned meeting. They refused, of course, to have the union there. That really got through to me at that meeting. I know an awful lot of them personally; they are constituents of mine.

I brought the camera crews, at their request, around to a couple of homes, as was shown in a broadcast a few weeks ago in Hamilton, to talk themselves and ask any questions they wanted of some of the people. There was one chap who had 29 years there. I remember sitting in his living room. He had a retarded daughter. I

heard him talk about his disbelief in what had happened to him and what was going on, his service in that company, and how he was really short of any effective consideration in terms of pension.

4:40 p.m.

The other item that hit me at that meeting in your office was a question that was asked by two or three different people when we found out—we did not know this; maybe the minister did, but we did not know at that meeting—that they had already sold the plant to Reed/Dominion, although they told us the lawyers had not finalized the arrangement.

The question was asked as to whether some of these workers would get jobs with this company, which was next door and which was buying out their operation. Mr. Stangeland was asked whether he would intervene on their behalf. I am not sure what the final answer was on that, but I clearly recall him saying: "We wouldn't appreciate somebody telling us who to hire. We don't intend to dictate to somebody else."

What he was clearly saying, although he did not put it in these words, was that labour is strictly a marketplace commodity and it is up to them to sink or swim. These are people who have given their lives to this company; 21 years was the lowest seniority left in that dogged plant. That company is not alone in that kind of attitude; there are better examples, but they are not alone in it.

I do not think there has been very much honesty. I do not know what went on regarding the minister's acceptance of the arguments by Allen Industries, but I recall that when the fibre division was closing last April or May, less than a year ago, some of the management people indicated that while they had some concerns about the overall markets, the remaining operation was healthier and the company was going to be much healthier. We do know that some of the fibre products that went down to Richmond, Virginia, I believe it was, are still being produced down there.

I met just a week ago last Friday with a number of the employees there, and they have a specific request. I am getting a little aside of myself here, minister, but when we talk about all of the retraining programs and the efforts to line something up for these workers, they want a meeting with somebody who can lay it out for them. They have been to the local authorities, and they have been up to the union itself. Some of the workers have been to Mohawk College. They have talked to the federal authorities at

Canada Manpower. They are getting the run-around like you would not believe in finding out what they can actually qualify for in various programs. These are workers who will be out of work in two or three months.

I found a very angry group of workers. The president of the local was there, as was the president of the composite local, Christopherson, raising these issues with me and asking me for help and answers to certain things, as they were asking a number of other people. We are not very clearly telling them what to expect. Maybe it is a little too far from March or April, when they will be finally out of a job. There is a fair amount of seniority in that operation, although it is nowhere near what was in the Consolidated-Bathurst plant. They do not have a heck of a lot of confidence in what is going on in terms of plant closures.

Every time I ask the minister about it, or for the economic justification, the economics of the situation of the company is the rationalization; they simply cannot afford to stay in operation at that location. It is an economic justification or a corporate rationalization in terms of consolidating plants. We have heard that time and again.

What I am asking is, "Where is the economic justification for the workers whose years of sweat and service, and even in many cases their health, were the components that made many of these companies successful?" I am simply telling the minister that to hit the minimum requirements of a contract or the minimum requirements under employment standards in Ontario is not good enough. It does not say anything about the right of the workers to be some part of the equation that considers the economic benefits of a rationalization decision.

It is going to help Consolidated-Bathurst to shut down three or four plants, which I expect is what is going to happen in their new amalgamation with MacMillan Bloedel around the province and in the province of Quebec. But if they are going to be leaner as a result of it and better able to compete, before that is allowed in this province, why in blazes do we not simply say that one of the costs that has to be factored into that is a much more generous arrangement, or responsibility in terms of the workers? I do not think that is radical or asking for too much. We are not doing that in any case at all, and that is one of the things I get so damned angry about.

We have asked for longer notice periods on plant cutbacks, moves or shutdowns. We have asked for a public justification procedure. These are positive requests. The minister is quick to

reject them, and that is the corporate position as well. It may not be deliberate on his part, because that is the corporate position; they do not want to have to go through this kind of extension of procedures or have to give excuses to the public or to the workers. But if he is going to reject that, and if he has the gall to say, as he did when I asked him one of these questions in the House last week or two, "Well, why don't you make some suggestions back?"—this is exactly what we have been doing; these are some of them—he has not given us a good answer yet as I see it, but I will put it back to him.

What is the minister prepared to do if our proposals, and they are solid ones, are to be dismissed so quickly? Is this not a consideration? Consideration itself is not good enough. If we are not going to go beyond the usual commitment to sit down with joint committees and try to find jobs, then we have a long way to go.

In case after case of plant closings and line shutdowns the minister has expressed his concern. I have heard him. He has expressed distress over the fate of the workers declared redundant by corporate decisions. But, so far as I know, he has not intervened in a case yet. He has talked to them; he has talked to the company, and I give him credit for it.

I appreciate the fact that by the time we have arranged a meeting with the workers in a plant closure situation they usually figure they are beating their heads against a stone wall already, but the minister has refused to give them and their communities the protection that I think has to be one of the priorities of a government in the province.

I think the scales of justice are definitely tipped in favour of private owners, and I do not care whether they live in Ontario, Sweden, the United States or England. I think workers in Ontario are even worse off than in many of these other countries I have mentioned. I think we are really getting moved to the back of the bus in this province.

Last year the minister made fairly strong comments—he almost wrung his hands—and hoped the recession would go away so workers would not be laid off. This year he is telling us in the comments he has made that the workers are still being laid off and that there is still a problem there but that there is a bit of a recovery. What is happening is that the companies are playing their own game in the rationalizing of Canadian

operations. As the employment figures show, the losers still are Canadians.

The minister points to the drop in the number of layoffs this year and argues that things are improving. They are not improving for those workers who are still being laid off, and they are not improving for those workers who have already been laid off, who are still without jobs and who have to accept drastically reduced living standards.

I thought at one stage of bringing in half a dozen examples. There were two of them just last week that I thought were beauts. People came into my office asking me what the heck I might be able to do in terms of jobs. I did not use these examples but I may use them yet before we finish these estimates.

What evidence do we have that suggests the future is still not bleak for many workers in Ontario? I want to give a few details. The minister will recall some of the layoffs that he for whatever reason could not do anything about. For example, there is Beach Appliances, Canadian Admiral, which was closed in Ottawa in October 1980. There were 255 workers. A year after the closure 50 per cent were still unemployed and 22 per cent of those who were working had temporary work only.

SKF—I do not have the figures with me, but I know that my colleague Richard Johnston has been following it closely, charting it and actually dealing with some of the workers on a weekly basis to get their comments. Sometimes they are angry at everybody. He indicates we have a long way to go in resolving that one.

The Canadian Admiral plant in Cambridge closed in November 1981; there were 450 workers. One and a half years later, in a sampling of 100 of those workers, 63 per cent were employed only part-time or were still unemployed and some 30 per cent were fully employed. At Consolidated-Bathurst, at the six-month point only 70 of the 220 workers had jobs and not all of them were anywhere near the economic level they had in the past.

In the past few months there may have been a recovery for some of the jobs we lost as a result of the recession, but what we are finding now—and I think the minister cannot disagree with it—is the degree to which structural unemployment is developing in the province. At present, we have more than 160,000 men and women in Ontario who have been unemployed for seven months or more. Of those, 95,000 have been unemployed for more than a year. Two years ago, before the recession, instead of

160,000, only 82,000 of those who were out of work were unemployed for seven months or more. In other words, structural, long-term unemployment has doubled in the past two years in the province.

Furthermore, and in some ways this is even more bothersome to me, the average length of unemployment for these workers aged 45 and over has increased from 19.2 weeks in 1981 to 28.4 weeks in 1983. That is a dramatic increase in the length of time these workers are unemployed.

The minister talks about the rationalization. I am sure he is aware of the full implications of that. As the executives of Canadian General Electric told us at our meeting with them, what they are doing now by closing down the Scarborough plant is only the beginning of a wave of such moves that will wash across this province. They said they had to face tough decisions and they are taking them now, whereas many other companies, including some of their competitors, have not yet taken them. That is from management at CGE, so they are not predicting any dramatic turnaround.

4:50 p.m.

The minister is aware of the changing economic world. He knows the General Agreement on Tariffs and Trade tariff reductions have fundamentally changed the economics of branch plant production in Canada. That is a favourite of mine that I am not going to spend much time on—the problems we bought ourselves with branch plants.

But the minister will remember Mr. R. Hill's comments at the select committee on plant shutdowns and employee adjustment. I just dug that out in going through some of the old material. My God, we have a lot of it from those hearings. He said, "These changing economic conditions may mean that 2,000 branch plants of the at least 13,000 branch plants in the manufacturing sector may close down in Ontario by the late 1980s."

The minister knows of the rise of newly industrialized countries of Latin America and the Pacific Rim. There are maturing world markets. I even get calls from some of the people at Stelco, whom we do not usually get calls from, worrying about some of the imports that are coming in and how they are being priced. Maturing world markets for steel, autos, airplanes, traditional consumer electronics and so on, and the rise of low-wage enclaves, both in the sunshine belt in the United States and in free trade zones throughout the world, represent

direct and tangible threats to the workers in Ontario.

The minister should also be aware of the confidential report, entitled the Rocky Road to 1990, that was prepared by the Ministry of State for Economic Development federally and subsequently leaked to the press. The report states, "It is now becoming increasingly apparent that many of the jobs that have been lost will not be recovered when the overall economy recovers." It then goes on to say that "the impact of structural change is likely to be felt most in southwestern Ontario."

I am presuming this ministry is looking at all of these things. If it is, I am really wondering what the initiatives are. The report makes the point that the extent of structural change will be substantial, and it concludes that one quarter to one half of 1981 jobs in manufacturing could be lost by 1991 and up to a quarter of existing jobs in business and financial services could also be lost.

Even if we could conclude that these figures are a worst-case scenario, the point remains that job losses, layoffs, long-term unemployment and plant closing are becoming a permanent feature of the Ontario economy in the 1980s.

Confronted with such a problem, we expect more from the minister than flinging up his arms and lamenting the facts, and more from his government, more specifically. We expect more from a government than a steadfast refusal to interfere in the marketplace. When companies are headquartered thousands of miles away and interfere with the lives and futures of Ontario workers—my God, once again we could use SKF or any number of cases as an example—we expect the government and the Minister of Labour to run some interference for the working people of the province.

The minister has responded in the House to my party's questions by saying, "Give me some concrete suggestions." We are forever giving the minister suggestions that he continues to ignore, because they mean a better balance, basically, and this is the problem between the rights of workers and the rights of companies in this province.

We have asked for improvements in severance pay. The minister knows how inadequate the present legislation is. In 1982, by the ministry's figures—and I am going to have to doublecheck these with the figures that were in the minister's presentation today—only 4,385 workers received severance pay, or less than half of those who were entitled under the act

but, much more important, it was only a very small fraction of those who were unemployed because of layoffs.

Again, the minister's own figures show that about 50,000 workers in 1982 lost their jobs as a result of reduced operations, partial closures or complete closures. When you consider that well over half of Ontario workers are employed by companies with fewer than 50 employees, you also begin to see the real inadequacy of this act.

The minister constantly argues that Ontario's severance pay laws are better than those in other jurisdictions and that our protection for workers puts Ontario at the top of the list. That may be true if we compare Ontario with the United States, but when we compare Ontario and European countries we are far behind.

In Belgium, before a layoff or a closure can occur the employer must meet with the worker representatives to discuss ways of avoiding the layoff. The company must notify regional labour offices.

In Germany, upon notice of a collective dismissal negotiations are conducted with worker representatives and a social plan must be drawn up to ease the financial consequences of dismissals.

In France, the labour inspectorate must be informed and approval must be given.

In Greece, authorizations must be received by the Minister of Labour.

In Denmark, there is a requirement for negotiations with the workers to find alternatives to layoffs.

In Sweden, the co-determination act makes it clear that all decisions related to layoffs are subject to negotiation. That is a long way ahead of where we are in Ontario. The union is entitled to financial information, and appeals can be made to the labour court, which is empowered to modify or postpone the layoffs.

In Ontario, we have a long way to go. Workers are excluded from the process, and I say that emphatically; they are excluded from the process in Ontario. They have no right of access to companies' books. All they can do is come to me or go directly to the minister or to some other member and plead with the minister, who consistently refuses to intervene.

I do not know the stage at which that kind of decision is made in the cabinet, but somebody had better decide fairly quickly that workers should have some input into what is happening to them in Ontario.

In countries such as Sweden, SKF could not have done what it did here in Ontario. In other

countries, Consolidated-Bathurst would have been held to account, Canadian General Electric would have had to provide the union with the information they had asked for in consultations back in 1978—five years before the Scarborough closure—and did not get. That information concerned the future of the plant.

In other countries, this ministry would be more informed and it would have more say in corporate decision-making. In other countries, local elected officials would not find out about plant closures from the media after all the decisions have been made. That has happened right here and the minister knows it. In other countries, workers are not faced with the same degree of futility and helplessness as they are during plant closures in Ontario.

The minister has asked for suggestions. Let me take him back to the select committee on plant shutdowns and employee adjustment of 1981. Let me again draw to his attention the list of proposals we made at that time.

I do not think that another proposal for which we have been arguing has been totally rejected even by the minister's government, and I suppose the feds are involved in it as well. But it is no longer just the New Democratic Party or the United Auto Workers or some other union asking for content legislation in Ontario; you have the small parts manufacturers pleading for it. It interferes with the free flow of trade, I suppose, but if we do not going to take a look at content legislation seriously and quickly in Ontario, we are going to be in really serious trouble.

As I say, it is no longer just the New Democrats or the unions asking for content legislation. You now have many of the small corporations and companies on side on that particular issue. It is a suggestion that many of our members have made time and time again in the House.

I sent an open letter to the Premier asking him to respond by reconstituting the committee on plant shutdowns. The minister will be interested to learn the policy in the Premier's office now, or so my office has been informed, is that he does not respond to an open letter. I am wondering to how many of the ministers that is going to spread. Sometimes it is the only way you get a story out in public. But if that is the case, I guess I am not going to get a response to the open letter I sent him a month or two ago asking for the reconstitution of that committee.

As you will recall, it was a committee that never had a chance to write its report. That is

why the members of my caucus wrote what we have called Job Security: The Unwritten Report of the Select Committee on Plant Shutdowns and Employee Adjustment. We made a number of suggestions in that report.

As I look at some of the recommendations now, I am amazed at how mild they are. We have seen two or three of them implemented; some we have not.

"We recommend that the Ministry of Labour revise its statistical and data reporting system so as to provide accurate figures on the extent of layoffs and the characteristics of laid-off employees."

As we look at the basic unemployed and the hidden unemployed, as they are known, some really serious questions arise as to the extent of unemployment and the characteristics of the unemployed. The one thing that has now become clear is that there has been a structural change. There is long-term unemployment for people who previously had jobs and expected to have jobs. This rate of unemployment has increased so dramatically that there has to be a serious problem in Ontario.

5 p.m.

"We recommend that a public justification system be established which would hold public hearings to examine proposed major layoffs and plant shutdowns; assess the social and economic impact of such layoffs and plant closings and recommend specific actions to maintain productive enterprises or to mitigate the harmful effect of unavoidable layoffs and plant closings." All or part of that we have in a number of the European cases I have raised with the minister. We have less in Ontario, in terms of no input at all into a corporate decision to change.

"We recommend that a minimum of six months' notice be given to employees and the provincial government before a plant closes or a mass layoff occurs.

"We recommend severance pay of one week's wages for each year of employment, and we recommend that workers be allowed their full severance entitlement whether they stay until the final termination date or not." We have had a number of problems, as the minister knows—that one in particular seems to be easing up—of people not qualifying if they went looking for another job or potentially losing out on it.

"We recommend that the existing universal public scheme, the Canada pension plan, should be revised and extended to cover all members of the labour force. We recommend that private

plans be reformed through vesting at five years, portability through a central pension agency and guarantees against plan termination due to plant closures."

We had a committee on pensions. We even had almost unanimous agreement in the House on some very mild modifications to the current private pension scheme. We have not even seen that enacted in this House yet. I am appalled. There was almost unanimity in the pension committee on some points that really did not get to the heart of it, did not deal with the Canada pension plan but did deal with some slight improvements in the private pension plans and some protections in case of plant closures.

That was what—two years ago or a year and a half ago? I understand we may have a debate scheduled on that report shortly in the House. What that debate is going to mean, I have no idea at all. But that is another area where there appeared even to be some unanimity and some possible protection for workers and we have seen nothing happen on it.

"We recommend that manpower adjustment committees be mandatory, that they be composed of union, company, provincial and federal representation and that they be established at the earliest possible time in anticipation of a mass layoff or plant closing.

"We recommend the establishment of a community adjustment fund financed either on an ongoing basis by a levy on employers or by a one-time levy on employers who effect a plant closure or mass layoff." It might cost them a few dollars, but it is one way of beginning to deal with it. It is at least a suggestion. There may be variations on it. We have seen none of that.

"We recommend that where layoffs or plant closings take place and where the employer owns or operates any other plants in Ontario that laid-off employees be given the right to take new employment opportunities at these plants.

"We recommend that the Labour Relations Act be amended so that when an employer relocates the union which holds bargaining rights should continue to hold them at the new location." We want to go into that a bit, Mr. Chairman.

We also talk about a Job Security Act. Those are all suggestions. I was amazed the other day when the minister told us to make some suggestions. We have been making them, in some detail in some cases, and consistently I have not been hearing back from the minister the proposals he is going to go with in answer to the situation, unless he has thrown up his hands and

there is no further he can go with it. I am sorry, I am desperately trying to control my language, but that is something I think is at the heart of the issues we are facing in Ontario and we simply are not dealing with the situation.

I asked one of our researchers for a critique. I have not read it, so I may not be able to use it as yet, but this just came to me minutes before we started today: "Defects affecting plant closures arise from both the Labour Relations Act and the Employment Standards Act." These are comments, I guess, on some of the shortcomings.

"There is presently no provision which requires an employer, during the terms of a collective agreement, to bargain with a union when the company is seriously considering a plant shut-down." That is not a new suggestion. It is one we have also made. I suppose it really deals with the question of being able to bargain. Technological changes in the work places can effectively affect the employees.

The Consolidated-Bathurst case was won in court through unfair bargaining—the case set no figure, incidentally, on what the workers should be going after. It was clearly indicated that the company had bargained in bad faith because it had signed an agreement just two months prior with the workers who would never have signed it if they had known the company was going to be shutting down the operation.

I cannot help but make an aside at the moment to the minister. When you talk about that great decision, which I presume in terms of the use of strikebreakers was the Automotive Hardware decision, I am going to say hallelujah and do handsprings the day the union ever collects that money. I do not think they are going to. I think what is going on is deliberately leaving a shell there in terms of Securicor and the transfer of operations. We may have won a big court case. I am not sure what we are ever going to get out of it. Everywhere I turn, I find loopholes in the protection we are supposed to have for the workers in this province.

"There should be legislation requiring a company to bargain with a union over major and unexpected changes introduced or intended to be introduced during the term of a collective agreement. Otherwise, the company is able to fundamentally change the basis of the collective agreement, to in effect unilaterally terminate the collective agreement and the union's bargaining rights, by making a decision with respect to which the collective agreement is silent.

"A recent OLRB decision"—I guess this is the one I was referring to—"Consolidated-Bathurst

Packaging Ltd., released September 30, 1983, Chairman George W. Adams) has reaffirmed the obligation to disclose plant-closing decisions to the union when bargaining for a new collective agreement is taking place."

We had to go to the board on this, incidentally, although it was clear that had happened and I think I and others made that clear to the minister. One of the arguments with Mr. Stangeland in your office was that there would have been an entirely different contract signed had the union known that they would be moving this plant.

"However, this case did not impose an obligation to do so during the term of the existing collective agreement.

"The rationale (the employee union right to participate in decision-making especially with respect to matters which can fundamentally change the basis of the collective agreement and employment relationship) is as powerful during the term of the agreement as during bargaining (in the United States the duty to bargain continues even after the execution of the collective agreement to the extent that the collective agreement is silent on the management action proposed).

"Subcontracting: Arbitrators generally allow contracting out unless there is a provision preventing contracting out. This has been a big problem in the nursing home area." Certainly it is one you are facing now, and you are going to face one hell of a lot more in the next short period of time in the province.

"Management rights: The subcontracting issue is one aspect of the overall problem of the deference courts and arbitrators pay to 'management rights.'" I do not want to get into my feelings about the Labour Relations Act in Ontario. I think I have raised it at every other session. I will not do it this time, but management rights still carry a heck of a lot more weight, as far as I am concerned, than workers' rights in this province.

"The courts and arbitrators have even called into question the fundamental right of unions and employees to have a collective agreement administered fairly." As a result of this there could be provisions "in the LRA requiring that collective agreements be administered in a manner which is not arbitrary, discriminatory or in bad faith." I do not know if we have ever looked at that.

"David Beatty has recently written an article entitled, The role of the Arbitrator; the Liberal Version, which reviews the present jurispru-

dence and recommends a codification of the principle that, even 'in respect of matters not expressly covered by the provisions of an agreement an employer must treat its employees fairly, and in a manner which is neither arbitrarily nor discriminatory nor in bad faith.'"

I understand this is forthcoming as an article in the University of Toronto Law Journal. I think it opens up another potential avenue. I do not know how much of an uproar you would get from management people. I suspect a hell of a lot. It seems to me to be a reasonable and fairly low-key suggestion as to one of the rights that might be worked in there to begin to redress.

"Successor rights: Present clause applies only within geographically defined scope clause of the certification order or the collective agreement; should be expanded to cover moves beyond the geographic area."

That to me makes some sense when we have a company—and we have had examples, as the minister himself knows—deliberately moving operations to escape the union. I do not know why in every case we end up having to go to the court or to the board to prove one of these doggone cases.

"ESA: The ESA has a 'trust provision' with respect to vacation pay (section 15). This has been very effective in bankruptcy and insolvency situations.

"In bankruptcy situations it has the effect of removing an amount equivalent to the amount owed for vacation pay from the assets of the bankrupt before any distribution to other creditors can be made. Similar protection should be accorded to all wages, including termination pay and severance pay."

I suppose we would be on opposite sides of the fence on that, but I think it is about time that kind of provision was there and the first concern was the earnings that had been earned by the workers in a particular operation.

"Appeal procedure: There is unequal access to hearings before referees. An employee who feels he is aggrieved by an employment standards officer's decision can compel a review of that decision by an employment standards officer. However, an employee does not have the right to have that decision reviewed by a referee. The employer, on the other hand, has such a right (sections 49, 50)." It seems to me there is some area to move in that.

"Narrowness of entitlement to severance pay: Employees not covered; terminate where there are fewer than 50 employees.

"(b) Cases where terminations are carried out

fairly gradually, the 50 or more employees must be terminated in a period of six months or less.

"(c) If the employer intends, at the time of giving notice, to start up the business again the employees are unlikely to be entitled to severance pay regardless of the length of time the business is actually discontinued.

5:10 p.m.

"In 1978 the Ontario Supreme Court, Divisional Court, interpreted the words "permanent discontinuance" used in the equivalent of subsection 5(1). The court held that:

"The question as to whether the discontinuance is permanent or not must be determined at the time the notice was given. This does not mean that the referee might not take into consideration after occurring events to determine the intent of the employer.

"In this case the referee found that the employer truly believed that the discontinuance would not be permanent but that the termination was caused by the permanent discontinuance of all or part of the business of the employer in that the termination was clearly to last for more than 13 weeks.

"The evidence before the referee clearly established that the company expected the discontinuance to be for a period of four to six months.

"One of the witnesses called by Falconbridge, when asked if it was possible that the mines would remain closed for three years, said that it was possible.

"We wish merely to note that neither the Employment Standards Act, 1974, nor the regulations thereunder make any attempt to define what is meant by a "permanent discontinuance" of all or part of the business of the employer. Since the referee found on the evidence that the company never intended the discontinuance to be permanent, it is impossible to accept his conclusion that the discontinuance was permanent.

"If the Legislature wishes a termination of employment for a period of more than 13 weeks but which the company does not intend to be permanent to be treated otherwise than as described in subsection 40(1) of the act, it should make appropriate amendments to the act or the regulations thereunder. It should not be left to a referee or the court to create a definition to cover such an indefinite termination of employment."

"By this definition, an employee could be denied severance pay if, at the time of the

notice, the employer intended to continue the business at a future date.

"The act should be amended to apply according to the period of layoff rather than the employer's intentions. If an employee must seek new employment, the employer's intention to continue business at some point in the future is quite irrelevant. Any employee with less than five years' service will not be entitled to receive severance pay.

"Other restrictions on the right to receive severance pay really undermine the effectiveness of the legislation. A few points:

"The exceptions are very broad. For example, the construction worker exemption is even broader under the severance pay provisions than it is under the termination pay provisions. Subclause 40a(3)(e) exempts employees engaged in the maintenance of various works." This is another issue that I am darned sure the minister has heard about and is going to be hearing about from the construction workers.

"What possible rationale is there for this? The exemption for 'an employee who refuses to waive any right to be recalled for employment' undermines the carefully bargained for recall provisions of collective agreements.

"A number of cases have upheld employees' rights to continue to be entitled to recall in accordance with the provisions of the collective agreement in cases in which they receive termination pay. There is no reason why recall rights need to be waived, especially in view of clause 40a(6) which provides that 'a year of employment for which an employee has been paid severance pay shall be excluded in any subsequent calculation of severance pay for that employee.'

"Termination pay provisions: The regulation which was passed in order to carry out the provisions of section 40 is riddled with defects. In practice, it is one of the most difficult and contradictory pieces of legislation found anywhere. It should be completely redrafted.

"Following are some of the problems which have arisen as a result of the very poor drafting of the regulation.

"Employers have thought up a number of schemes attempting to ensure that the layoff is considered to be temporary and therefore not a layoff for which notice must be given. They have:

"(a) Given notice of a layoff of less than 13 weeks, a layoff which would therefore be temporary in accordance with the provisions of RRO 286. . . Just prior to the date of recall, they

have issued new notices, again for a period of less than 13 weeks," as in the Chrysler Ajax case which is yet to be adjudicated;

"(b) Made small contributions to a pension plan or group or employee insurance plan, thereby avoiding the much greater cost of paying so many weeks of termination pay;

"(c) Made any other payment to the employee to avoid the notice requirements.

"Using these tactics, employers avoid paying notice payments; the discouraged employees often find other employment before the employer stops making payments. Thus, even though the layoffs have been very lengthy, it has remained a temporary layoff within the meaning of the regulation and the employer has been able to defeat the notice requirement of the act.

"The provisions should be rehailed to:

"(i) Make it clear that these payments are payments in lieu of notice, notice which gives an employee sufficient information to assess whether he/she should find alternative employment and whether that alternative employment should be permanent or temporary. The provisions should not be equated with termination of employment; any right under collective agreements to recall, seniority, etc. are rights which are in addition to the right to notice.

"(ii) The regulation should not have obvious loopholes to allow the extension of the layoff without requiring notice payments."

There are a number of other things here, but they deal with other headings and some of the criticisms made of the act.

Women: I am not going to spend a lot of time on that subject today because we have agreed to set aside five hours for the matter with the Minister responsible for Women's Issues (Mr. Welch). I think it must be pointed out, however, that the minister spent some time over several pages in the 1982-83 estimates praising the initiatives the ministry had in place.

I want to say once again that any small gains in government placements—and I am not sure exactly what the figures show on them, I have not looked at them carefully enough—are more than offset by a continuing gap between the wages of men and women. This province has literally made no progress towards wage parity and as far as I am concerned that is a matter of some shame.

To have jobs paid for in Ontario in 1983 on the basis of sex is a disgrace that does not allow us to claim any leadership in the field of women's rights. Any honest politician or employer knows full well that pay should really be based

on the job and the skill required and not on one's sex or creed. Yet that is the situation we still have in Ontario.

The government and this minister have until recently argued the cost of an equal pay bill. If that is the argument they are using against implementation, and it is the only one I have really been hearing, then it is a false argument. Consequently, we will never really have equality on the issue.

Mandatory affirmative action programs and equal pay for work of equal value legislation are the only and the bottom line approach and the minister must know it. This issue is supported by almost every single concerned group, by men and women alike. I have heard no other genuine, well argued and solidly supported proposals come forward on this issue other than those I have raised, with the possible exception of some by the members of the government and some by the people they have appointed to try to cover this issue.

The record on bridging the gap and on women's issues is one you may be proud of, but it is not one I would be proud of as Minister of Labour in Ontario.

Incidentally, I could not help being intrigued by one brief remark that I caught during last year's estimates. I see I have it noted as R-1166. I was wondering when I heard something in your statement today whether this was the same thing regurgitated once again. You made the same comment, I think.

What you say here is, "As I have mentioned, the Ontario Manpower Commission will complete in the near future an employment strategy for women which will further define and enhance our established labour policy." I would like a little more information on just exactly what that is, if it is in the same category as the composite approach mentioned on page R-1163, which also caught my eye.

You say: "However, in order to expand coverage of the present legislation to the benefit of more women, we are considering an amendment to the Employment Standards Act to allow for a composite approach. As you know, the present legislation requires factor-by-factor comparison. A composite test would enable the ministry to compare similar jobs with different degrees of skill, effort, responsibility and types of working conditions."

Do we have that as yet? That was only a year ago. I think it is in the same category as the other one I mentioned, both of which would be of

some use in improving a situation that really is appalling.

The same researcher who went over some of the criticisms of the present legislation also took a little swipe at me. Maybe it is because she is a female researcher, I am not sure.

"Although you indicate that this matter will be dealt with later, here are a few angles you should be raising: the effect of Bill 111 on women." I intend to go into that before I finish my opening remarks on the estimates. The comment is made that there is "little scope for catch-up on wage inequities when unit compensation to be limited to five per cent."

We added to the problem with Bill 179 in terms of the number of low-pay workers in the public sector, in the hospitals and the nursing homes. We sure as blazes did add to it.

5:20 p.m.

Unit compensation limited to five per cent, what is it going to do to this same problem? Some of us, of my own gender and others, have a long way to go I will admit in terms of negotiations, but is it the hope that the entire five per cent will go to this issue and any inequities that may exist on the other, or male, side, are totally ignored? I think what you are doing is adding further to the problem we have in terms of inequities with women employees.

Another point that needs to be covered, "Among the social services covered by Bill 111 are day nurseries and private home day care agencies providing services and funded under agreements with municipalities under the Day Nurseries Act (Bill 111, schedule). The five per cent ceiling will greatly restrict the ability to hire or to expand these programs."

The lack of these kinds of services is a point I have not made before, but members of my caucus have made it with feeling, commitment and very loud and clear a number of times over the past few years, and certainly in the last year.

What are we going to do now that this kind of restriction practically prohibits any expansion of those particular services? These services are absolutely necessary if we are going to move in terms of the inequity—which has increased, not got better—in the work force totally in Ontario.

"Five per cent greatly restricts ability to implement equal pay for work of equal value re public sector employees." That has made all of the points. Are you going to find some mechanism to recognize that you have a major inequity here—an inequity which we are supposed to be attacking and that we are making precious little progress on in Ontario? With the new Bill

111, how are you going to deal with those very legitimate points that are made, points that will have exactly the effect that that researcher made to me?

Disabled and handicapped: I notice that my colleague mentioned that maybe in this category we have 80 per cent unemployment. I do not know what the figure is now. I can recall the last time I saw the figures, we were running about 85 per cent unemployed in this category.

All of the positive recognition of disabled persons' capacities and the decided increase in interest to develop employment initiatives for physically handicapped persons that the minister talked about in last year's estimates is not even good window dressing.

Let me go back again to page R-1168. It paid to read through it last year, minister. You said, in your comments: "This positive recognition of disabled persons' capacities was further reinforced when the Ontario Human Rights code was amended to provide, among others, protection of the rights of disabled persons in employment. This legislative change has increased the protection of disabled persons and their rights vis-à-vis employment."

With an 85 per cent figure, or somewhere very close to it—once again, I will not mention his name, but since the very first year I was in estimates I have raised the problem of one young lad, a victim of epilepsy, who has had a couple of minor jobs in between and March of Dimes employment—that with the number of people who are regular repeaters to my constituency, with the number of calls I still get from the handicapped, the jobs are not there and the picture is not improving. That was window dressing which you gave us a year ago, because the results this year do not show improvement in the situation.

I thought the letter which was sent to you by John Southern of the Blind Organization of Ontario with Self-help Tactics was a very good one; in particular, the third paragraph. I will read the letter into the record, because it should be on record.

"To the Honourable R. H. Ramsay, Minister of Labour.

"Dear Mr. Ramsay:

"At its recent annual conference held May 27-29, 1983, BOOST dealt with a number of issues pertinent to our membership. Because unemployment remains one of our gravest concerns in view of the continuing unconscionably high unemployment rate among the disabled,

this issue was the subject of several resolutions including the attached.

"While we recognize the undeniable value of the handicapped employment program's educational work, the fact remains that handicapped job seekers have almost no practical job vacancy location services available to them. Yet, in many, many cases, handicapped job seekers are referred to HEP by private sector employers because of the program's misleading title. Even Canada employment centres have referred some of our members to the handicapped employment program.

"Despite the veritable cornucopia of secretariats and task forces on the handicapped established by governments at all levels in recent years, there has been too much emphasis on theoretical concepts while practical solutions receive inadequate attention."

I am going to tell you that I say amen to that, because this issue is also one I have sounded off about, and that is why I begin to wonder if I should get out of these Labour estimates after seven or eight years. I do not want to end up a total cynic, and I am getting awfully close to it.

"In these times of proverbial economical restraint, it should be obvious that the principal business of the department called the handicapped employment program must be to help the handicapped find employment.

"We at BOOST would like to thank you for considering our views. I look forward to hearing what practical measures you propose to make so that HEP will be more useful to handicapped job seekers."

I am waiting for it too. I have been waiting for it for seven years. My argument, once again, is I think a valid one. If we are anywhere near the 85 per cent rate, which I think is reasonably accurate, then we sure have not dealt with the problem in a serious way and we are nowhere along the road to resolving that particular problem.

That issue, minister, giving names and cases—not just the one case that comes to mind, because it is still there seven years later in my riding—is one where we have given you examples, given you cases. I recall one of the previous Ministers of Labour went out of his way to find employment for two or three of the people whose cases I had raised in one set of estimates. In one case I think it has held to this day. In one case it has not, as I recall.

The point I am making, however, is that we had to have an intervention or an appeal, in effect, on an individual case, because it hap-

pened to be raised in these estimates. One that I have raised a number of times over a lot of years has not been successful. We do not have any progress that I can see in terms of numbers.

The 1981 Year of Disabled Persons and all of the hoopla that went with it—something like women's year too—I think was artificial and phoney, and it was a put-down to those who suffer both with physical afflictions and this government's employment rate for handicapped people.

I have suggested a quota as the possible answer and have raised this many times. It is not because I am totally enamoured of the idea, but tell me what proposal, other than a very ineffective nonmandatory affirmative action program, have you as the minister got to give us in terms of this problem? Or is this too costly as well?

Surely, if there is a right to some hope of lowering that kind of an unemployment rate among that group of people who have already got their cross to bear, it has to be in terms of how we look at, how we think and how we feel about those people.

Once again, let us not be wild or radical, but are we going to put a cost on that as being something that is impossible to do? I suggest we have to get our priorities back in order, and it is one of the reasons I am so darned angry at this government.

Business and a break for them—I know you tie it into jobs, and that is hard for us to argue with. Doctors, even with the very small cutback in what they are to get down the road, still get eight per cent this coming year on the highest income we have. I am not really arguing with their particular incomes.

The high-priced speechwriters that we learned about recently—when you have a minister who has \$1,000 to \$2,000 to play around with just for speechwriters, I think it is a bloody disgrace. It all shows a priority that comes ahead of doing something about 85 per cent unemployed among the handicapped in Ontario.

Another little gem I noticed in last year's

estimates was the minister's comment on page R-1168—

Mr. Chairman: You have about two minutes.

Mr. Mackenzie: I think I will finish just at the end of this piece for today. Let me quote.

"Recently, HEP has undertaken, in co-operation with the Workers' Compensation Board, the occupational health and safety division and the Ontario Human Rights Commission, a study of the assessments done to establish the fitness of an individual for work, and to explore such terms as 'light work' more fully." My God, the problem we had with that term in all of our offices. "I anticipate receiving a report of the findings of this inquiry within the next few months."

Do we have that, minister? Does it give us any additional information or any hope at all? That also was promised back on January 18, 1983. I would like to know if we have that report.

I will continue next Wednesday, if it please the committee.

Mr. Chairman: Thank you. You will continue next Wednesday morning, and in the afternoon we will try to get into the occupational health and safety program in more detail.

Mr. Mackenzie: Once again, minister, the House leaders have not set the date, although we have now agreed and been able to rearrange our schedule. They have just said there would be five hours for it. It may be, for our caucus purposes, that November 30 would be much better in terms of the occupational health and safety topic. I am wondering if we have to now finally fit the date as next week. Maybe we could go into WCB or something else.

I would like a little time to do a bit of negotiating because I have a suspicion that while once again we might be able to change something, the mechanics of our safety and health people would make November 30 a better date than November 23, in the afternoon.

Mr. Chairman: No. We will continue with it next Wednesday. The committee is adjourned.

The committee adjourned at 5:32 p.m.

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From the Ministry of Labour:
Armstrong, T. E., Deputy Minister



No. G-19

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Labour

Third Session, 32nd Parliament
Wednesday, November 23, 1983
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 23, 1983

The committee met at 10 a.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR (continued)

Mr. Chairman: Before we get into the estimates I would like to discuss the timing we have for the Ministry of Industry and Trade. What we have with the Ministry of Labour takes us up to December 7. The following week, we should do 11 hours of the estimates of the Ministry of Industry and Trade.

What I would propose is Monday afternoon, December 12; Tuesday afternoon, December 13; and then clean it up on Wednesday, December 14. Would the committee be in agreement with that? Are there any objections?

Mr. Henderson: I am not going to be in Toronto for two days, so I will not speak on it.

Mr. Chairman: I know there will be problems. We will probably have to get substitutes for some of the other members.

There is Monday and Tuesday and we can clean it up on Wednesday. The ministry wants to know. If we change, we will have to have a motion in the House to authorize that.

Mr. Mackenzie, do you have any objections?

Mr. Mackenzie: No, I do not think so. There is no change in the Labour part?

Mr. Chairman: No.

Mr. McKessock: December 12, did you say?

Mr. Chairman: Yes. Monday afternoon, December 12, from 3:30 to six and Tuesday afternoon, December 13, from 3:30 to six.

Mr. McKessock: Okay.

Mr. Chairman: Is that agreeable?

Mr. Henderson: I will leave on Wednesday.

Mr. Chairman: May we have a motion to ask the Legislature to change it to those dates?

Mr. Henderson: I will so move.

Mr. Chairman: Moved by Mr. Henderson. All in agreement? Carried.

We are doing the occupational health and safety program this afternoon, but some members have indicated that they would like to leave it until Wednesday, November 30 and do it in its entirety that day. Is that agreeable to the

committee? I think Mr. Mackenzie indicated that that would be his preference.

Mr. Mackenzie: On November 30, in the afternoon, for health and safety, yes.

Mr. Chairman: We can continue with the other votes that are left today. Is that agreed?

Hon. Mr. Ramsay: Mr. Chairman, I believe that is the last day I will be here. Mr. Welch will be here the following week. I would appreciate an opportunity, either at the end of that day, or perhaps even the next week before Mr. Welch starts, to respond to the concerns that are raised on occupational health and safety.

Mr. Chairman: They indicated that they want a half a day, so if we start in the morning, you would have time in the afternoon to wrap it up.

Mr. Mackenzie: We have no difficulty with the minister making some response, but if we are allowing roughly two and a half or three hours to discuss safety and health, then it would probably be better to start soon after the noon break and try to finish the other votes prior to that. Then we have safety and health in the afternoon and women's issues the following week with the other minister.

Mr. Chairman: So we will do the occupational health and safety program on November 30 in the afternoon.

Continue today with whatever part you want to deal with.

Mr. Mackenzie: I think we left off with a few brief remarks on the disabled and handicapped. I had indicated, other than the couple of minimum points I had raised, that I was going to leave the women's issue alone for the meeting on December 7. The same applies, with about the same amount of time, on safety and health.

I just have a couple of comments to make on that in my opening statement and I will leave most of what we want to say for the meeting on November 30. I want to make two or three points on safety and health matters.

In response to the minister's 50-page opening statement that dealt with safety and health, we are not satisfied with the progress on the regulation of toxic substances. Where we stand now and those that are under way are but a fraction of those that were in the original

schedule that we refer to from time to time. Admittedly, you may have run into problems along the way.

If by 1983-84 we come anywhere near what we thought would be the scheduled outline of toxic substances, in terms of regulation, we would be somewhere around 25 or 30 and not the five or six that we have. I think the problems are such that we simply cannot let that go. We are concerned about what is going on in the video display terminals field. I am specifically concerned about the question of inquests into deaths in the work place. I suppose that enters into the safety and health area.

10:10 a.m.

I am not sure if it is specific. I note that at a reasonably interesting Ontario Federation of Labour convention, one of the resolutions that had overwhelming support yesterday was that the federation of labour ask or demand that the Ontario government change the Coroners Act to include that a coroner's inquest be held when any worker dies during his or her employment in the work place in Ontario.

It has probably been driven home a little more in the last year. It is just over a year now that we have had—as the minister is well aware—three deaths in the coke ovens. All three involved pusher carts. It is not the nicest place to work in spite of all of the efforts the companies have made to this very day and we are not at all happy that we have to fight.

As a matter of fact there is an inquest going on this morning on one of those deaths. Some the delegates from Local 1005 of the USWA left the convention to go back to attend that inquest. They could not get status. They are there as observers, which seems rather strange. The safety and health chairman at Local 1005, who might have something to offer in that situation, was put in a position of almost begging to have representation at that particular coroner's inquest. It is a specific area of concern.

I do not know how much longer we are going to wait to have an automatic inquest after an industrial death. It is long overdue. It is not a philosophical issue at all. It is a common-sense practical position that should be taken, even if it means a little extra work simply to assure action when we run into these things. When you get three consecutive deaths in just over a year in the same part of a coke oven operation, it begs the question as to why we have not yet decided that we are going to have inquests into all of these deaths.

One other comment I wanted to make has to

do with the length of time it has taken to get some action in terms of lead at Stelco Inc. There are three areas: the basic oxygen furnace, the salvage shop and one other. I did not note the location the boys in the plant are particularly concerned about. They are waiting for some information on the enforcement and the lead regulations in that plant.

I think we have problems with lead that are not just at Westinghouse Canada Inc. or some other plants such as the London plant where problems occurred. I think we are going to have some real concerns expressed by the workers down there. In fact, they are expressing them.

They are also wondering why the letter from the ministry that finally came—while I credit the ministry with finally sending a letter about the washing of the clothes of the coke oven workers—went to the company. The safety and health chairman—I may or may not be telling tales out of school—first saw it on the desk of a member of management at which point the union had not seen the doggone letter.

The union has been fighting for a year or two trying to get the coverage of the washing of the coke oven workers' clothes. It has been acknowledging the ministry's help. It has certainly done the job in fighting for that in that particular local, yet when the ministry finally decides to come on side and say, "Yes, the workers' clothes should be washed in that operation," the company gets a letter from the ministry before the union does.

I just find it passing strange. They now have a letter on it, but that is where they first saw it. I talked to their safety and health committee at the convention last night.

I also want to know what the ministry intends to do, for example, with Dofasco Inc. Are you going to quickly inform them that they have the same responsibility? If you are not, then you are really playing games with it. I do not think you have any alternative, but I just want to be assured that we are going to have directions that this is part of the companies' responsibility to the workers, in any of the other coke oven operations that may be involved.

There are a number of other issues but, as I say, I did not intend to go very long. Two or three of those, admittedly, are a personal concern of mine, but I wanted them on record. We may expand the time we spend on the safety and health sector a little bit.

I want to deal briefly with the shorter work week and early retirement. That also has emerged as a very interesting and heated debate at the

OFL convention. In our party, we have been making an issue over the hours of work in a variety of forms and we have been on record for a reduction in the work week.

A year ago the Ontario Federation of Labour, as the minister knows, was asking by resolutions—I will not try to claim that it was a priority item—for a reduction to a 32-hour work week.

I might say at this point in time that I have moved bills in this House—it is not going to accomplish a hell of a lot, but it would be a start at least—which advocated an official 40-hour work week in Ontario. I think we actually had a debate on it some six or seven years ago in one of the minority government periods. We did not get anywhere with it, though.

I am wondering why we are having so much difficulty, given the economic circumstances we have in this province, to make some obvious moves. It is not a 40-hour work week we are going to seriously have to take a look at, it is a lot less than that.

I note also that the minister, last year, in response to the issue of a shorter work week that we raised, had a number of things to say. He dealt both with the call for the minimum wage at a higher level and the shorter work week by saying, "By our calculations"—if I am quoting the minister correctly—"that sort of amendment would add 15 to 20 per cent to the annual wage bill of the province, a sum in the order of \$11 billion to \$14 billion." That seemed to be the end of it, really. That is on page R-1171 of last year's estimates.

That substantial costs would be involved is not in question. However, I am wondering why we seem to get, without any other discussion, a rather single-minded cost argument from the Minister of Labour.

It does seem to me that this country went through a major work-week reduction a few decades back, 48 to 40 hours overall in the country, and it did not wreck the economy; it did, I suggest to you, Mr. Chairman, add considerably to the quality and dignity of working life in our country. Certainly getting down from the original 60s to 48 and then to a 40-hour week was a small payoff for working people in Ontario.

I raise this specifically because of a real concern I have about jobs and the future work life expectations in the province. We are all hearing about microtechnology and I think the microtech revolution on top of, and added to, the advances in automation and robotization—

Hon. Mr. Ramsay: Excuse me, Mr. Chairman. I am having difficulty concentrating on what Mr. Mackenzie is saying.

Mr. Chairman: Okay. We will have a little more decorum.

Mr. Mackenzie: If you add what some of us foresee as coming—

Interjections.

Mr. Mackenzie: I have felt for a long time, Mr. Chairman, that we are talking to deaf ears anyhow, whether it is in the House or here, but I am determined it is going to be on record, so it does not really matter.

We are really seeing a number of stages in what is happening to the work force and when we add it to automation and robotization while they may be part of the new revolution they are all, as I see it, phases. In both the traditional and nontraditional fields of endeavour I think all of us should be guessing as to where in the blazes we in this country are heading.

Workers are certainly becoming concerned. I sensed, from wandering around yesterday and last night discussing some of the fights that happened on the convention floor, that they are looking at the paper on technology—which is not really a very radical one—which will be coming out of the OFL convention.

The workers I have talked to have a strange sort of reaction. They do not want to become the modern Luddites in society and yet I have heard some rather strong words expressed among them about what they are going to do when certain changes are attempted in their plants.

What is going to happen to them, and are we or are we not going to start taking a little more responsibility for workers with long service who are, in ever-increasing numbers, being left out on the street?

Surely the Minister of Labour, the Ministry of Labour and we as members of this House face a challenge in terms of work distribution. The productive work shrinkage and the service work expansion—hopefully, because that has been one of the things we have counted on up until now—are not going to mean anything if we do not face the more overriding challenge of distribution.

How do all of our people share in what really should be gladness, happiness or joy in our ability to provide for all without some of the backbreaking drudgery we have had in the past in many of our plants?

10:20 a.m.

There is nothing I would like better than to get rid of more of the operations in some of the industrial plants I know, or even some of the operations I have gone through in my short work life. It is a sharing that we are not going to be able to do if people are without an adequate income.

That raises a number of questions. How does this ministry, or any government ministry, put its best skills to work on what the cost will be if it does not tackle the problem now? How much of the \$11 billion to \$14 billion you used as a reason for dismissing, almost summarily, a shorter work week proposal in the estimates one year ago, how much of that is going to be lost through welfare, unemployment insurance, soup kitchens, health and social costs, family breakdown, and possibly the most devastating of all, a breakdown in respect, hope and law and order in this particular province?

That may be a little piece down the road, but I do not think you can rule it out totally. I do not think that is too extreme a view, minister. I think people have to have a hope, a vision and a desire that there are good things to come; that there is some hope; that they are able to contribute something; that there is a job for them somewhere down the road.

What has been done by the ministry—or the government, if it is beyond your capacity—in weighing the costs of doing nothing as opposed to a very positive step towards sharing the self-respect-building component of work for all?

Would there really be that much of a cost difference? What have you done? We have made a positive suggestion, minister. If you are going to reject it out of hand, as you did a year ago, then what is your alternative?

I notice a number of interesting things are going on, if I can find them. Once again, I have left behind a particular article on the financial pages of one of the papers that perked my interest recently. It was about some of the things that are going on, some of the efforts in Germany where there is some really serious discussion towards a shorter work week.

In our own caucus we have been kicking around a lot of ideas and things of concern. We have come up with a number of calculations and questions.

We started to do a little bit of figuring as to what some of the costs might be. We are not telling the minister in these comments that it is totally researched or gospel, but it does raise some questions in this particular area.

In last year's estimates for the Ministry of

Labour the minister said—page R-1171, which I referred to—that the Ontario Federation of Labour resolution to reduce the work week to 32 hours with no reduction in pay would add 15 to 20 per cent to the annual wage bill of the province, a sum in the order of \$11 billion to \$14 billion.

With almost 400,000 people unemployed in September, and roughly another 200,000 in the labour force who lost their jobs or were laid off, this kind of answer is simply not good enough. We want to take a look at the economics that are involved, in that it looks to wages as a static cost to employers and not at the same time as income to workers.

Perennially I stress the feeling, minister, that we lack a little bit of emphasis on looking after the worker's side of things in the Ministry of Labour in Ontario.

Another clipping I did not take with me, incidentally, was of some remarks—I do not give them much credence, very frankly—of one of the new Liberal ministers, the new federal Minister of Labour, who said in a fairly good piece in the paper about two weeks ago that his role was going to be to act as much more of an advocate. I think it was strictly electioneering, given the polls and the federal scene, minister, but I was interested for the first time to see that actual comment made by a federal minister of labour. It is counter to the position the minister here in Ontario has taken. I really do think there is some legitimacy in asking for that kind of an approach.

Just as a sideline—I do not intend to take very long on this at all, but I think it outlines what is happening also with unemployed people; I tried to use it just briefly in the debate on the restraint bill in the House the other day.

I mentioned briefly in the comments on the first day, as you know, the lengthening time that people are out of work. The figures I get from the social welfare department and social services in Hamilton, from Mac Carson, show that we have an increasing number of workers going off the unemployment insurance rolls and on to the welfare rolls. These are people who have never been on them before and who are normally used to working.

I also asked for some hard figures from two of the major agencies in Hamilton that are dealing with people and what is happening to them. They gave me figures showing the change from September of 1982 to September of 1983 that are nothing less than chilling.

This only outlines what is happening to

workers, so I will spend a very short time on it, because it probably and more properly belongs in the social services field. They are dealing with young and middle-aged couples; a large increase in the single youth category; the single middle-aged; the single senior; as well as single-parent and two-parent families.

Out of desperation, these people have had to go for food, housing, advocacy—let me tell you, the food is 10 to one over all of the others combined—counselling, legal aid, income tax or other assistance.

I am talking actually about St. Matthew's and the Wesleyan Centre in Hamilton, two of the better agencies that have busted their rear ends for years trying to help people in trouble. What kind of figures do we get?

Out of these categories—I did not put the titles on these two sets of figures so I do not know which one is Wesleyan and which one is St. Matthew's, but I will give them both to you. They had 969 people, of whom 301 were single-parent families, 351 were two-parent families, and 53 were single youths. In September 1982 there were 969 people. This is just one agency. I am only dealing with two, and there are a number of these agencies in my town.

In September 1983, one year later, 903 in the single-parent classification, 1,296 in the two-parent families, in the singles a total of over 200. A total of 3,009 people who have been to that agency.

From 969 to 3,009; and the basic part of it was either a meal, or mostly bags of groceries, because they were that desperate.

At the other agency, with figures broken down by days and over a two-year period, the story is just as dramatic. I will start in the middle of the month. There are worse figures and better figures here.

October 15, 1981, 60; in 1982, 102—that is one day, October 15—in 1983, 139.

On October 16, 1981, 68; in 1982, 66; on October 16, 1983, 144.

I will just give you a couple of more dates here, to give you an idea that the picture is the same all the way through. They did not have their records for October 17, 1981, but for Saturday, October 17, 1982—and they are having to open up Saturdays and Sundays now—it was 92; this year, 162.

I know from talking to my colleague, Richard Johnston, and to some of the others that the figures that are starting to come in to us are the same.

So what I am talking about is the need to do

something about the work week and what the costs are, using those figures to underline the costs, minister. Are we not concerned about that kind of a doubling and tripling of figures when I am talking about people's self-respect? That is exactly the point I am making. If we are seriously looking at how to do something about distributing the work in this province, I do not see any other answer but to look, as a major part of it, at something in terms of a shorter work week.

Let us go on with some of the new things that we have done, because I think it is part of what we are asking here.

In September 1983 seasonally adjusted figures show 4,172,000 employed in Ontario. The usual average number of hours worked is reported as 38. That is the average reported.

If all of these people reduced their work week to 32 hours—I am going by averages again, but from 38 to 32—a total of 25,032,000 hours would be freed up each week. Using the 32-hour week figure, this is the equivalent of 782,250 full-time jobs.

10:30 a.m.

I think we have to at least have some people with some moxie—a lot more than I have—starting to think about this kind of thing.

Let us say that this many jobs were created in this way. Let us say that all of these new job holders were paid at 75 per cent of the average industrial wage. Using the latest figures available, this works out to \$308.14 a week, or \$16,016 annually.

The 1981 average earnings for full-time workers in Ontario were \$23,000 for men and \$14,682 for women. The cost of paying for all of these people would be in the \$12.5-billion range. That is the cost to employers, as the minister pointed out, so let us say that \$11 billion to \$14 billion is right in the ball park.

In September 1983, 388,000 people in Ontario were officially unemployed. If they had been receiving maximum unemployment insurance benefits of \$231 a week, they would receive an additional—say that all of them had been receiving the maximum—\$1.6 billion a year as a result of the new employment.

An additional 205,000 people were reported as having lost their jobs or having been laid off and no longer in the labour force. If they were all single, classed as employable and receiving maximum general welfare assistance benefits of \$313 a month—and that makes me sick every time I think of it—they would receive an additional \$2.3 billion a year as a result of the

new employment. It may be anecdotal maybe, but it underlines it.

A chap in his 50s came into my office a couple of weeks ago. He had worked for eight years; his last job was at National Steel Car Ltd. He is out of it now and he does not expect to go back to that particular plant. I do not know why he ended up there; he was neat and fairly articulate, but that is where he worked.

He was fluent in Finnish and Russian; he actually had a certificate to teach in Russian at one stage. He said he could read and write Russian and could analyse papers, books or articles. He said he raised this point with me only because he was so desperate that maybe there was some hope of him going back to what he had known or had done. I presume he had some problem somewhere along the way; I do not know.

Then he told me he was willing to take any job I could find for him, including digging graves. Because he had no obligations, he would go anywhere in Ontario to work. But it had to be a full-time job. That was the only thing he stressed to me. Part-time work was not going to do him any good.

He was drawing \$313 a month. He told me he spent an hour and 15 minutes to an hour and 20 minutes twice every day walking from his home on Tragina Avenue North, in my riding, to downtown Hamilton because he did not have the money for bus fare, he was having such a tough time making ends meet.

I do not know what we can do. I have gone to McMaster University and talked to them about their heritage language programs. I have called the Canada Manpower office and have told them about his situation. I have had him write a letter, which my colleague, Ian Deans, has taken to the people who might be able to use the kind of experience and the talent this chap has had in Ottawa.

I am simply pointing out that if we took all of these people at that level there would be another \$2.3 billion a year for them. I use that anecdote because it is so important we understand what the blazes our priorities are and whether or not we are going to take a serious look at trying to do something about it.

The balance then—going through the figures I have given you of 189,250 new workers—would receive an additional \$3 billion as a result of their new employment, if we had moved these people up to the level we are talking about. Therefore by creating jobs in this way we eliminate official and hidden unemployment

and put \$1.6 billion, \$2.3 billion and \$3 billion, a total of \$6.9 billion, in the hands of workers in the form of direct wages; \$12.5 billion in costs to employers versus \$6.9 billion in direct wages to workers.

I suppose we could debate whether this is a fair bargain, but it is not the whole story, minister. The \$6.9 billion received by workers would be taxable. Using a figure of 20 per cent, \$1.4 billion would be paid in personal income tax. Of the \$5.5 billion of net income left, let us say half is spent on taxable goods and services; it would result in almost \$200 million in sales tax revenue.

We also know that consumer spending results in spinoff economic activity through a so-called multiplier effect. In this case, the spinoff economic activity would amount to over \$4 billion, if we use the figures that are usually used by the scientists and the researchers in this field. Much of it, in turn, would generate tax revenue; probably ultimately about \$2.3 billion.

Let us count again: \$12.5 billion in wage costs to employers; \$6.9 billion in wage income to workers; \$2.3 billion in income tax revenue; \$200 million in sales tax revenues; and more than \$4 billion in new economic activity above and beyond the new wage income being received by previously unemployed men and women. The scale seems to be balancing, and all of this on the basis of a 32-hour week.

But there is more good news. The 388,000 people who are receiving unemployment insurance benefits will save the federal government, and ultimately employers and workers, \$4.7 billion by being employed. Similarly, the 205,000 people who have been receiving welfare benefits would save the government \$1 billion by being employed.

Of course, we have not taken into account the enormous savings to the justice system—including police, court and legal aid costs—to the social services system—general welfare assistance benefits, crisis centres, emergency shelters, social workers, the costs that are piling up on these agencies—to the Wesleyan Centre or to St. Matthew's House in Hamilton. Enormous savings would result from beginning to provide people with better incomes and meaningful opportunities to participate in the mainstream of Canadian society.

Neither have we attempted to calculate what it is worth to society to eliminate unemployment and give every man and woman seeking employment a chance to work. In my view, the dignity

and self-worth I have mentioned are something that cannot easily be priced.

But the minister will ask, and I agree with his intentions, how do we pay for all of this? The obvious answer, minister, and what you people seem to forget every time we raise it, is we are paying for it now. The question is who pays, but it is not going to go away.

In the medium term and the long term this should not be a problem. The increased production of goods and services will not only improve the standard of living within Canada, it can be the basis for all sorts of initiatives in import replacement and in export trade.

As we see it, this is the key blind spot in the government's brush-off of the proposed shorter work week. It has not grasped that wages are paid for labour activity which in itself is a response to demands for goods and services. Wages are not a one-time cost to employers, minister. They are part of a cyclical flow of goods in our community and in the economy of the province generally.

In the shorter term, however, let us say that in order to put their money where their mouths are for a change, governments must agree to continue allocating funds as if the 600,000 unemployment insurance and welfare recipients were still receiving benefits and must further agree to pay this money into a special fund to eliminate unemployment.

Let us count on that basis. The cost to the employer is \$12.5 billion; net wage income to workers, \$6.9 billion; special fund—the savings in unemployment insurance benefits—\$4.7 billion; the savings in GWA benefits, \$1 billion; the personal income tax, \$2.3 billion; sales tax revenue, \$200 million; or \$8.2 billion.

This is not a proposal. It is the sort of expenditure juggling that this government likes. It begins by eliminating—and this is the point I want to make in discussions on this—unemployment, both official and hidden, and proceeds to improve the living standards of not only some 800,000 Ontario workers and their families, but of Ontarians generally. It seems to me, Mr. Chairman, that we should be taking a look at some serious discussion of this problem.

The bottom line, Mr. Chairman, is that you could pay more than two thirds of the total cost of the proposal without changing any of the government's basic priorities, except that which promises restraint and means unemployment. For the remaining third, let us not forget the billions wasted in places such as Darlington. We could certainly abolish unemployment with the

single expenditure we are going to put in the Darlington project over the next short period of time.

As I said, minister, there were some musings done with a pretty damned good round-table discussion and looking at the figures when we put this together. It is not a hard proposal but a serious look at trying to balance some of the costs of what we are already paying, at what we are actually going to run into in terms of costs and at your single-minded rejection of the shorter work week.

Once again, how much of this is being done anywhere in this government and what are your answers, if you are going to reject out-of-hand a very positive proposal for a shorter work week, as probably an absolutely essential answer to the tremendous number of people who are out of work in Ontario and in Canada generally?

I can tell you that, moving through some of the rooms, you have to be careful that you either nurse a drink or do not take too many when you are hitting the number of the hospitality suites during an evening down there. Apart from the usual political issues or votes that might be coming up on who would be the five women on the executive, I found that the shorter work week was one of the other major subjects for discussion throughout the back rooms of that convention.

10:40 a.m.

I thought the executive probably got its hands slapped just a little in the paper, although it wanted this kind of discussion—I know that from meeting with them prior to the convention—on what the blazes we could do. I think the lead the United Auto Workers took in rejecting it and sending it back for a much stronger paper more in line with the 1982 position at the convention was probably the proper one.

What it did signal to me was that more people than just a number of members, researchers and concerned members in our caucus are involved. I know a number of people at the economic council level and other concerned social scientists in our community are looking at the shorter work week, but it is now going to become one of the issues those in the labour movement are going to have to take a really serious look at and give priority to.

I think the proposal holds out much hope as one of the answers for probably the most serious problem facing us, one which is going to accelerate with the microchip technology on top of everything else that is going on. I want to know what this government is doing, and why you are

not taking a serious look at it. It seems to me that the 400,000-odd people we have out of work in Ontario say, "That's an absolute must if this government has any feeling for working people at all."

As a side issue, I briefly want to suggest to the minister that measures to allow, and make practical, earlier retirement are part and parcel of any total employment package. I do not know how we deal with the unfairness that happens in a case like that. I have been arguing with one of the government ministries, Correctional Services, over a constituent of mine who took early retirement on July 28 this year. There has to be flexibility and a little encouragement for earlier retirements.

I have gone to Mr. Podrebarac, the deputy minister, and a number of others over the issue but, as it happens, this government offered what the workers call the golden handshake in the correctional field, looking for early retirements and got a number who took it. It was worth five months' wages to them to take the early retirement.

My constituent could have worked for some time yet, and was scheduled to retire on December 31, but decided on his own initiative that he would take the early retirement. He retired on July 28 and immediately went north to stay at a friend's cottage. He was up there for almost five weeks. He did not know until he got back that had he stayed at work two days longer, he would have been entitled to the five months' pay.

I went after the ministry and of course the ministry appealed to cabinet—the minister may know all about it—or so I was told. The cabinet said, "No, there has to be some place we start." Even though Mr. Roy Grimes did not know anything about it, he is out five months' pay. I do not think that is fair. There he was, probably trying to do something on his own initiative to open things up. He has a couple of kids, I know, and he was concerned about it.

I think we are going to have to be one hell of a lot more flexible in trying to encourage people if we are going to set an example in the government sector through early retirement. That is only part and parcel of what I am talking about in a shorter work week.

I personally have difficulty with the problem of those who do not accept the mandatory-retirement-at-age-65 position we have come to. I know that is something the ministry has been wrestling with. However, if early retirement was encouraged and if we did not have people who, having retired, all of a sudden find they have

been clobbered—such as my constituent, in this case through no fault of his own—it would be easier to deal with those who want to remain active and have something to contribute.

Failing that kind of a sawoff—in other words a real effort to make early retirement much easier and more acceptable—I personally could not support the extension of retirement age guidelines. I want to put that on record with the minister.

A year ago, the minister rejected out of hand the Ontario Federation of Labour's resolution which called for a \$5.75 per hour minimum wage with a cost of living index. I have to go back again to page R-1171 of Hansard. It is surprising how much was packed into four or five pages of the minister's statement last year.

The minister really lumped the \$5.75 an hour increase of 60 per cent with a provision to index that to the cost of living in with the 15 to 20 per cent of the annual wage bill that it would cost for the shorter work week.

Mr. Mancini: I seem to have missed the point here. What is the \$5.75 about?

Mr. Mackenzie: The OFL had passed a resolution and made it clear to this government that it thought there should be a minimum wage of \$5.75 an hour, and that it should be tied to the cost of living index. My party has occasionally suffered for it politically, but we have asked for a minimum wage of 60 per cent of the average industrial wage, believing it makes sense to provide an incentive to work that exceeds the minimum poverty level in Ontario. I think we have to be concerned with the minimum poverty level in Ontario. There are two or three different sets of figures used.

I thought an interesting piece was the Canadian Facts 1983 poverty line piece that appeared just recently in the Toronto Star—I think it was the Toronto Star, although I am not sure. It showed a poverty level for a single person of \$9,449, and \$6,987 in the rural sector. For a couple, the figure was \$12,466 and, in the rural sector, \$9,132. For a family of three it was \$16,675, or \$12,228 in the rural sector. I think those figures are probably low. The source is the National Council of Welfare.

It certainly indicates that the poverty level is approximately \$7,000 to \$9,500 for a single person. It is \$14,000 to \$19,000 for a family of four. As the minister knows, a minimum wage of \$4 an hour provides little incentive to work. It is a little above, and in some cases well below, what we call the poverty level in Ontario.

The minister had no encouragement for us

last year and has now indicated we will be moving with a two-stage increase. Not only is it going to take over a year to make up less than the cost of living increase since the last increase in the minimum wage in October 1981, but we are doing it in two stages.

Surely, the work ethic is important, and we should have a rate that would be an incentive, above and beyond the welfare rates. As my colleague Richard Johnston argued, I think once again so well, "Ontario's working poor deserve no less."

I have to tell you, when I heard it was going to \$3.85 next March 1, I was disgusted. I wondered why. We have Christmas coming up. We are already at a rate where I have conflicting figures, but either \$4.04 or \$4.10 an hour would be needed to keep up with the cost of living since the last increase.

In his releases my colleague made the point very well that the last two increases, up to the last one of 1981, left us some 16 per cent or 17 per cent behind the cost of living increase over that period of time. So we start at 16 per cent or 17 per cent behind the cost of living, in terms of the two increases in 1980 and 1981.

Now we have been told we are going up to \$3.85 an hour next March. With all the suffering we have now from employment and low wages and underemployment, we are going to wait through the Christmas season and the worst time of the year, and next March we are going to bring in 35 cents an hour more for these people. We are going to wait another seven months to give them another 15 cents an hour.

Even if there is no increase in the cost of living, they will actually be behind the increase in the cost of living since 1981. This is the level we are considering as adequate as the minimum wage in this province.

I guess the emphasis has been entirely on the opposition of business to the increase and the cost involved. Certainly, the consideration has not been what gives any incentive to people.

Even at that rate, I do not doubt people would rather work than accept welfare but, a year down the road, to leave people with the minimum wage increase not only behind the cost of living increase over the last couple of years but at a level that undoubtedly will not even match the poverty levels for most of those who would work, to me, is not the initiative of a progressive and positive government.

Another area of responsibility in which this ministry has clearly shown bankruptcy is the matter of successor rights. It does not seem to

matter whether it is a large firm, such as a Westinghouse, moving operations to small-town Ontario or a multinational like SKF or Allen Industries moving operations to another country.

I would like to ask the minister whether or not, in his conversations with the Allen Industries management people, he got any answers to the questions the workers at Allen Industries were asking and to which they were getting no answers. These were put in writing by the plant committee for company management at Allen Industries and seek information with regard to the closure, which is affecting the lives of these workers who have given their working life to this company.

10:50 a.m.

I will list the questions they gave the company, and then I am going to read you the company's answer, which I think shows once again why some of the faith this government has in the private sector is a little bit misplaced:

Who made the decision to close this plant? When was the decision made? How long was the decision under consideration? What were the reasons for the decision? What current and prospective factors influenced the decision? Has the board of directors discussed or approved the decision? Were any alternatives to the closing considered? Are there any other products that could have been produced at the plant? Has the company been expanding or diversifying into these or other products at other locations?

If alternative products were considered, what alternatives products were rejected for this plant? Has the company requested any kind of government assistance to avert this closing? What were the results of the government talks?

What are the company plans for the plant, the machinery, and the equipment? That is a key one, minister. Did the management try to sell the business as a going concern? If the answer to that is yes, why was the sale unsuccessful? What will happen to the work formerly performed at this plant? That is another key one, minister.

How does the company propose to carry out the closure, i.e., what timetable is planned? What is the schedule of layoffs and production cutbacks? What assistance is the company willing to provide workers and the community to adjust to the closing?

Is the company willing to consider union-proposed alternatives to the closing? Would the company be willing to commission an independent consultant? Is it jointly acceptable for the company and the union to undertake a study to

determine the feasibility of keeping the plant open? Would the company agree to take no further steps to implement the plant-closing decision until the results of such a feasibility study are known?

As you know, the final closing is supposedly a few months down the road.

They ask for the documents on which the company relied to reach its decision: Are there any studies, surveys or reports by outside consultants that form the basis for the company's decision? If so, can the union have copies of any internal management or internal reports pertaining to the decision to close the plant? Are there any other internal records, memoranda and communications that relate to the plant closing or that were used to justify the decision requested?

Has the board of directors approved the decision? Are there copies of minutes and agendas of pertinent board meetings at which the plant closing was discussed, and any written communications announcing the results of those board decisions? Was the decision reached without board approval? There are reasons for these questions.

Similar information should be sought from management officials who made the decision: How many meetings of management officials were held to discuss the decision? Who was present? What was the substance of those meetings?

That was background information they might or might not get, but some of it was very legitimate. They asked for some background information to evaluate the decision and requested data on competitors and market shares too: Has the company been shifting work out of the plant over the years to put us in this situation? How much in trim work will be performed in other plants from contracts soon to be awarded to Allen or already on the books for future production?

They requested full access to company financial data. They knew they would not be available, but it is a legitimate request. They asked for income statements for the last three years.

This was signed by the entire plant committee, taken to the membership, the questions were agreed to, and it was presented by the union. The minister is often fond of saying in these situations, "You have to work out the best deal you can with the company."

Brian McGuinness, the plant manager, put on record on November 2, 1983, the company's response to these questions, many of which

were legitimate, since the workers in that plant are being let out of their jobs for good:

"Dear Mr. Pendlebury:

"On the advice of counsel we are not prepared to respond to the questions on your agenda re plant closing, which you have submitted to us. We do not consider those matters to be business for our joint consideration. The decision with respect to plant closing is solely within the jurisdiction and discretion of the company.

"If the union wishes to suggest alternative proposals to us, we are prepared to meet with you to receive and discuss such proposals and to give consideration to them. We note your request to negotiate a close-out agreement without prejudice to our right to refuse to negotiate such agreement. We are prepared to receive your proposals.

"Yours truly."

Talk about a kick right in the teeth. I could call it a kick somewhere else, minister. That is from the management of Allen Industries in response to some very specific and legitimate questions from the workers.

If we are to have any worker input into the future of jobs in this province at all, what is the minister going to do about that kind of response to workers? What has the minister done to date? What is wrong with some kind of a dialogue that says that information has to be available? It is their jobs, and for the older ones, it is probably the end of their jobs the way we are looking at work in Ontario.

I want to ask also, in terms of the same plant and the same decision, if the workers are right, why have they been making mock-ups of the machinery, some of which is being prepared for removal from that plant? These are mock-ups in a configuration which, as the workers tell us they have been told by some of the management people, would fit into the installation of the new equipment in the new plant—I think it was in Chihuahua, Mexico.

What about the parts contracts for Volkswagen, Ford trucks and General Motors trucks that are supposed to be produced at the Mexican plant after the Hamilton equipment is moved into it?

Is that wrong? Why are they doing the configuration? Why are some members of management saying that is actually happening? Why will nobody discuss it? Why is one officially told, "No, it is not so," by the company? In fact, the workers in the plant actually have seen them doing it and actually have people telling them this is what is going on. How much of that have

they told the minister? We in this country really are suckers when it comes to protecting workers.

I just have to ask, what happens to those 230 workers? It is "A second death blow," as the Hamilton Spectator called it, to the east-end Allen Industries plant on Warrington Street.

I probably should handle it separately, but I have a side line, just so I can leave the Allen Industries situation with you—and I do not have the details with me in a form to effectively use, mainly because I have turned it over to our research department and given a copy of it to Richard Allen, our critic in education. The workers have sent me an absolutely first rate outline, which I should have brought with me, of their efforts since they were told of the closing of the plant.

There were some initiatives, of which almost every one has now fallen through totally, that they took after dealing with John Munro's office in the city of Hamilton. They looked at a variety of programs, including the Canada-Ontario employment development program and the new employment expansion and development program, some of which they might get their workers into.

They ran into problems in that plant, such as who would qualify or would not qualify, or whether the workers could collect unemployment insurance if they went into certain programs, or that they would have to take a grade 12 equivalent examination, and out of the 10 or 12 who took that exam, none of them succeeded. The problems they have run into when trying to tie their workers in to the various retraining and government programs have been appalling, to the point where they will be calling a mass public meeting over it to ask for assistance for the unemployed workers and other groups who have run into the same kind of situation.

What I am saying is that the little bit of safety net in terms of the programs we have is apparently going to take in very few of those workers. Most of them probably are not going to qualify for one reason or other, or they are going to have to give up some of their benefits to qualify for retraining. It is a morass. The paper did the most effective job I have seen on it yet. I will try to give a copy of it to the minister.

What I am saying is that not only do we kick them in the teeth, judging by the company's reaction to them, but we are not serious in looking at real alternatives in Ontario, nor are we even doing a good job in what are always much lower paid kinds of retraining programs,

or temporary jobs, that we are trying to put in place in Ontario.

Quite frankly, it is one of the issues that could really set me off if I did not control myself a little bit. I think we are treating them like dirt. That is the perception that was certainly coming through at the meeting, which I mentioned briefly in my comments the other day, with some of the Allen Industries workers that I had on the Friday night just two weeks ago.

The interesting thing is that they are trying desperately to stay on the right side by doing things through the due processes, through some of the material they have been sending. The document I am talking about, which I will forward to the minister, is an indication that they are trying to do things in the right way. They sure as blazes are not getting the results they think should be there in assistance to workers.

Bankruptcy and receivership: this is another matter on which we have urged this government to take some action—the question of some protection for the pay and benefits of workers where a business goes into receivership or bankruptcy.

I have been raising the matter personally for I think five years, if go back and check Hansard. Usually the ministry passes the buck by blaming the federal government in that bankruptcy legislation comes under federal jurisdiction. However, in last year's estimates, once again—I think no one in this town loses a document as quickly as I do—the minister seemed to promise to take some action. I will not go into it. It is the Hansard I have mislaid for the moment.

It is again at page R-1171 in the Hansard of the estimates that the province I believe was really going to take a look at what might be done under this category.

11 a.m.

I am wondering if you have done anything at all at the provincial level on it. I am wondering if we are going to get an assurance that we can come back next year and ask you a year from now what the heck you have done in terms of what is happening to people in plant closures and shutdowns.

I wonder what we do—your ministry is now seized with this problem I note—in the case of a plant like Grimsby Diesel and the 16 or 17 workers there. There are two lessons to be learned from this plant. Part of it is the desperate anxiety of people to retain whatever jobs they have, but what about Grimsby Diesel?

The company hired some people at a little better than some of the wages that are going around these days. Most of them were at \$11 to \$12 an hour. One of them was much higher than that because he had some real skills. It was also promising great things in terms of the future of this company. Frankly, I think we were dealing with a con artist but nevertheless that is the situation these workers were in.

They have come to me, and I have been working with them for over a month now, desperate not to go public. I think they have finally run out of hope. They really do not care any more. But they worked for this guy and this company. They were not paid for the month of August and they worked the entire month of August. They were not paid for the month of September and they worked the entire month of September.

They did not do it blindly. Not only the company, but even the company's lawyer had discussions with them about what was going on, that it was only a matter of time and they should hang in there. They said there was a real future for this outfit, they expected additional financing and not to worry about it. They did not seem to be into the banks too heavily. They worked until October 7, at which point they had had about enough and they quit. They have been kept on a string ever since.

Of course, the owner of the company has run into some court problems. He has been found guilty of fraud in another company he is dealing with. I believe an order has now been issued by the ministry. I have finally gone to employment standards on this and, if I have been given the correct information, you are now prepared to take action on it.

There were even suggestions, and I did not disagree with them, that we wait and go through the normal channels because of the time that would have been involved if we finally had to issue an order. But I am wondering what we have in the way of hard legislation that is going to say that whoever else has claims against this company there is going to be some guarantee or assurance of seizure of all assets or whatever, not only any benefits that are due and any vacation pay that is due, but the two months and a week's wages due these workers is the first consideration. Or, as is the case now, is it going to be that it is the last consideration and they are just out of luck, buster?

How long will it be before we are going to do something in legislation? I get a kick out of the right-wing Tory argument in society today that

we cannot involve the government. Who in blazes else can we involve that has the kind of clout that says, "There is something we can do about a situation like this," or have we reverted totally to the jungle when it comes to treatment of workers?

If I can find it, there are a number of things that are happening to workers in plant closures or shutdowns. Let me raise a concern that was raised with me by George Drenan, whom some of you will know. I guess it is the Do-Tan Manufacturing Ltd. plant in Dundas. This has been an ongoing fight to try to protect some of the workers and their benefits. This is the letter which went to all employees on May 19, 1983:

"It is with deep regret that we must inform you that Do-Tan is phasing out its business and will totally close operations on June 30, 1983. As we have been advising you over the last eight months, the general economic situation and the slump in the woodlands industry in particular forced us to try to sell Do-Tan to a larger corporation.

"We informed you in December that if one of these sales did not go through, we would not survive. Unfortunately, that is the situation. We are still trying and hoping that a much smaller business may arise from the remains of Do-Tan, but at this time we cannot be even the slightest bit optimistic that this will occur, since the priorities of any money received from Do-Tan's assets must go first to the bank and then to our trade creditors.

"We very much appreciate the efforts you have all put in for Do-Tan and the loyalty you have shown over the life of Do-Tan and particularly in this last, very trying year." They are nice, kind words. "You have really helped us and built us." I have been out to dinner at the homes of two or three of the employees in that plant. They are a very quiet, solid group of workers. "We wish you all success in new ventures and we will do anything we can to help you relocate employment."

The June 17, 1983, letter from Mr. Sherwood of the employment standards division to Mr. Drenan reads as follows.

"Re Do-Tan Manufacturing Ltd., File No. 074383.

"Our investigation has been completed regarding the claims filed with our office. The investigation shows the company is presently liquidating all assets to satisfy secured creditors. Liabilities presently exceed assets by approximately \$250,000. There are several violations of the Employment Standards Act; however, an

assessment and pursuit of these appears futile with all assets attached and a shortfall of funds inevitable following liquidation.

"In the light of the above circumstances, the company is defunct without assets and the file has been closed accordingly."

Attached to it is a list of people to whom I have spoken—some of them, not all of them by any means, on the seniority list of that company. Those people are out of luck. They are out of luck in terms of much of what they had hoped for in pensions, as well as some of the benefits.

The list goes back to Mr. Penny, an active employee whose seniority date is December 9, 1940. He was a machine operator aide. The list goes down from that to a very few workers—well, a surprising number—hired in 1982 in the plant.

The list includes workers whose seniority dates are 1940, 1942, 1947, 1950, 1951, 1952, 1962, 1963, 1974, 1976, 1976, 1976, 1978, 1978, 1978, 1978, 1979 and on and on. The list of people who have been part of that operation includes many older workers.

I understand the legalities and the legislation by which you are bound. The answer to them is: "Tough luck, brother. We will satisfy everybody else but when it comes to your pension after all those years of service, the benefits or the violations of the Employment Standards Act, tough. You are just out of luck."

The point I have been trying to make again and again is that the workers are at the bottom of the heap. The last people we consider in Ontario in these situations are the workers. If we do consider them, it is only to say, "We will do our darndest to set up a joint committee and see if we cannot assist you somewhere by getting a little bit of extra work."

When—it is an appeal, it really is—when are we going to make some changes that start looking at some priority for these people? I would get down on my knees and beg if I thought it would do any good. It is serious. When are you going to start realizing it and when is this government going to start realizing it is a serious problem?

I do not know how many times we have raised the issues of strikebreaking, picket line violence and my old friends at Securicor with you and with the Attorney General (Mr. McMurtry), with the Solicitor General (Mr. G. W. Taylor), with the Premier (Mr. Davis) and with the Deputy Premier (Mr. Welch). Going back through Hansard, I have asked innumerable questions on these issues. It has taken the sickest of

examples, such as Automotive Hardware—and there have been some even worse ones over the years—to even get your attention on this issue.

We are probably the only country in the western world that totally allows third party intervention in a legal strike situation for hire and profit. The bill we have really does nothing. As far as I am concerned, it is something like our severance pay bill, totally flat in dealing with the problems of picket line violence, security companies and the kinds of activities we get when we run into a nasty strike situation.

Why we would allow for-profit or for-hire third party intervention in a labour dispute is totally beyond me. This does not put Ontario at the head of the list in labour relations, let me tell you very clearly.

11:10 a.m.

The fact that an outfit like Securicor was involved in almost every violent confrontation over the last several years did not really seem to matter to this government. I have said many times in the past that I thought I had really gotten over being naïve. At one stage, I thought that exposing the vast amounts of money which these bloodsuckers were collecting would produce some action.

I think of the Canada Cement strike where, for a very few weeks' work, they picked up better than \$697,000. We tried desperately to get more information. We were able to reach a couple of employees of Securicor at the time, and two or three of them have told us a number of very interesting stories. However, when we tried to get the number involved, it was not that large a number of people. There was some pretty fancy pocket-lining. This was only one particular situation.

Incidentally, just as a sideline, totally irrelevant except that it concerns Securicor, I sure as hell would like to have that good friend and supporter of the New Democratic Party, Claire Hoy, put on a stand to confirm whether or not he was actually telling me the truth. He tells me that on a recent trip he made over to the Far East with one of the ministers—I think it was with Mr. Miller, but I am not sure, on his visit to Hong Kong, Malaysia, and so on—as they drove up in a limousine to the Canadian Embassy on Embassy Row in Kuala Lumpur, he did a doubletake and thought immediately of me—as Claire told me when he talked to me in the hall after about it—when he found security guards in uniform and Securicor on the premises of the embassy. I am having it checked out federally to find out if it is true or not.

However, as a sideline, I would like to find out just how far the tentacles of an outfit like this really go. We know a number of the other companies with which they are involved. However, as I said, I naïvely thought that exposure of the fantastic amount of money which was involved in the dirty business of causing trouble and disrupting legal strike situations would produce some action, even if the violence to date had not.

I got the distinct impression from a handful of government members—one or two have taken me up on it—that they actually thought it was great. It was sort of a reaffirmation that, in a free society, a couple of jokers could make unlimited money through the exercise of rights under private or free enterprise in Ontario. Something like, I guess, being able to make more than \$100,000 for writing speeches for Gordon Walker. I do not know.

However, the fact that people get hurt, permanently injured and incur a criminal record unnecessarily did not really matter as long as they were part of the labour dispute. I guess it is the anger of cynicism which comes through. Also, it is very real. I have had occasion to personally feel the violence and hate that picket line confrontations can produce.

I myself have been hauled off and placed in a sergeant's car at a couple of strikes and grilled as to why in blazes I was marching around doing nothing in a picket line situation in Ontario. I get to as many as I can. I was disgusted with the lecture I got after the Radio Shack deal in Barrie from a judge who really criticized me—when I was sitting in the courtroom I was not on trial; it was one of my colleagues—for degrading or lowering my position as a member by marching on that picket line.

As I said a year ago and I will say again, that is where I will be every day of the week in a situation like this and I do not give a damn what a judge or anybody else says when it comes to that kind of a situation.

However, why do we have the situation like Shaw-Almex, one of the more recent ones. The minister is aware of it. I am sure. I know the Solicitor General or the Attorney General is.

Why did we have a situation there where, as far as I know, they were without a formal strikebreaking firm but were running in scabs in that strike situation? There was an officer on that line who said to the people running the picket line, "Go through at 35 miles an hour." What has happened to the mentality? If the picketer gets hurt, it is his problem. As the

minister probably knows, it provoked a real reaction. A busload or two of people came down from the big USWA Local 6500 plant in Sudbury to visit that picket line.

As a result of letters which were sent in from the union, from MacDonald, the president of Local 6500, we know that a senior police official ended up in his office in Sudbury and did say they would talk to the people on the line and that, they hoped, it would not happen again, and that they would outline what the procedures and the responsibilities were.

However, I have talked to some of the workers at the Shaw-Almex plant and, like so many others I am running into, they wonder what they are facing. Not only a company, but in many cases professional strikebreakers or a security firm is playing that role, or the company is hiring people to take their jobs.

They have gone out in a legal strike situation and they seem to be facing police who appear to be allied with the company, or certainly not very sympathetic to what is happening to the strikers. We have some good forces, I can tell you, but we have some lousy ones too. You wonder why we have moved a bill like mine that is a little more extreme than just trying to deal with professional strikebreakers.

I will spend very little time on the Central Precision case, simply because I think I outlined it at some length a year ago. Maybe I did not, or maybe it was in the House; I seem to lose track of time these days. I recall well the complaints being laid by the security firm there, the work with the cameras on the line, the deliberate intimidation of the workers and then the police acting two, three and four days later on the basis of complaints they never saw, which were laid by the security company with a justice of the peace; the arrest of those people on the line, in the case of one person at his home, and the handcuffing of one of them.

Almost all of those who were arrested, as the minister knows, were Portuguese workers. I can recall talking to some of them. I can recall some of them saying—I am not good at trying to give the language, so I will not—"Mr. Mackenzie, why is this happening in Canada? Why are the police on the side of the company?" Whether they were or not did not really matter. That was solidly the perception in that situation. "Why did we have that kind of situation? How could somebody come and arrest my husband and take him out of the house like that and down to the station?" That is probably the case I used a

year ago. The union was co-operating even where they had been arrested in that case.

What about the Polysar plant in Cambridge? When I went down to that picket line and talked to the workers, after I had talked to Purdy and Sullivan of the union, I said to them: "I don't just want to hear what you think you saw. I want to know what you are doing to record the police visits to that picket line." They went to the regional council, as you know, and made an appeal to call them off in that strike situation. That was not a professional strikebreakers' group, but it is part of what is happening in the way we treat workers on the picket line.

Dave Purdy tells me the total is over 800 now, but at that time they kept a diary on the picket line and recorded 742 visits by the police. There are 51 people in the unit that was on strike. The largest number in one day was the day they had 14 lined up and marched up the hill. There was no special crowd that day on that picket line. That strike is now settled, thank God.

The point I am trying to make once again is, why are these things happening right up until today? Why did we have a security firm—I do not know who it was; I do not think it was Securicor—involved just a couple of weeks ago on the Indolex picket line? Why did they move out with their cameras right into the picket line and face to face start trying to take pictures of the workers on that line?

There was a little bit of shoving. Fortunately, it did not go too far. I am not at all sure it should not have gone a hell of a lot farther than it did, very frankly. I am sorry to have to be so nasty about it.

At what stage of the game are we going to take a serious look at how we allow somebody like Securicor to get away with what it is doing? I do not think I have to go into it any further, but the unfortunate side effect of these situations is really the untenable position in which they put our police and judicial system. In fact, they produce disrespect for the law. That disrespect showed, although it was not a violent confrontation, in the situation of the guy who got to the point of actually recording the number of times they had police on that picket line at Polysar, really for no reason in almost every single case.

I noticed for the first time, and I appreciated it, and I have told him personally I appreciated it, Paul Walter's statement in the paper the other day. I have since heard of the letter he sent to the striking Star workers. It is worth putting on the record. This is from the *Globe and Mail* of October 29, 1983.

"Paul Walter, president of the 6,800-member Metropolitan Toronto Police Association, has advocated legislation to prohibit strikebreaking." This came after your bill, so they do not consider it an effective bill, just as I do not. It is almost useless.

"The head of the union representing the police made his comments in the wake of an injury to a police officer at the Toronto Star Wednesday when a truck driven by a contract driver struck the officer. Mr. Walter said in an interview that strikebreaking is the prime cause of of confrontation and physical violence on picket lines. 'It is unfortunate that police officers have to intervene while management peers out the window watching pickets and police defend themselves.'

11:20 a.m.

"Mr. Walter said the officer who was injured at the Star would not have been hurt if strikebreakers were banned from crossing picket lines."

That is the point I am making and have no apologies for it.

"The government should enact legislation that would be as fair to employees as to employers, he said. 'The present legislation is balanced tremendously in favour of employers.'"

That is a direct quote once again from Mr. Walters, president of the 6,800-member Metropolitan Toronto Police Association. I gather it does represent a majority opinion amongst the Toronto police force now. It is making a very clear statement that is totally behind the kind of arguments we have been trying to make with the minister. It clearly states from the perspective of those sent in, in many cases to do the dirty work, that it is unfair, tremendously weighted in favour of the other side and an untenable position to put them in. This is without mentioning what it does to the workers.

I had a quote here, that I have mislaid, from a couple of workers. It really had to do with what I was telling you, what they said to a variety of people about whose side the law is on and what it is doing to their respect for it.

The terribly wrong role of such companies as Securicor is illustrated in many ways, yet we are still waiting for legislation to deal with the Securicors of this province. We have the concern over the misuse—not their fault in many cases—of the police force, as I think was underlined more effectively than I ever could have done it in the letter from Paul Walters of the Metropolitan Toronto Police Association.

I think it is worth asking what in blazes is

going on. I go back to the Solicitor General, as I have done twice in the last two weeks. He keeps telling me: "I do not care how many times you ask me the progress of the provincial police investigation of Securicor or the questions you raised more recently about what Securicor is doing with its assets or its company or what machinations are going on. As long as the investigation is going on, I cannot answer you."

The only problem I have with that is we have had this kind of situation for a year and a half now. Is anything going on? I have to tell you, I seriously doubt there is a serious investigation going on or that there is a serious commitment to resolving it. I really have some doubts about that.

Our information is that Mr. Downing is stripping Securicor of its assets. We have been trying desperately to prove through any method possible that he has bought Brown Securities Ltd. from Vaughan Brown. I would like to know whether he has or has not. I would like to know what this minister knows. We do know you get an answering service and nothing else if you phone Securicor, but you can get right through to Mr. Downing himself if you phone Brown Securities.

Contracts formerly in Securicor's name are now in Brown's name. We have been able to verify that. The first verification we had was from a company personnel manager at a small chocolate plant in rural Ontario that they had just had their contract changed from Securicor to Brown.

On other assets, like cars and whatnot, the registration has been shifted. We cannot confirm it. We have had the perennial tips. Some are not worth the powder to blow them to hell because we know a couple of the people involved, others raise more serious questions in our minds.

What is going on? What is going to happen? Are they stripping the company of its assets? Where is the investigation that has been going on for so bloody long? What is going to happen to the judgement that has been obtained in the Automotive Hardware case? I am not a lawyer. I do not know.

Is there going to be anything left or are a bunch of people going to be operating under some other names and jurisdictions because we really have not dealt with the basic problem of this kind of Shylock operation in Ontario.

As a footnote, I would like to suggest to the minister that he consult with his colleague, the Solicitor General, and revive a plan which was

briefly initiated after I suggested it a few years ago. I talked to the union and they are prepared to go back to this. They actually thought it might have been useful. That was that top union personnel—I use Terry Meagher as an example because I understand that while they got into a fair discussion, even a bit of an argument, he did an excellent job—top officials such as Mr. Meagher of the Ontario Federation of Labour should have a session with police training schools, at Aylmer or in any other training courses that are set up for police officers, to outline the aims and feelings of organized labour during a legal strike.

There was at least one very good session at my suggestion. At the time I had a hell of a job convincing the Attorney General of the usefulness of the situation. With some of the things that have happened, I heard Mr. Meagher say just the other day: "We have never been invited back since. That was a couple of years ago now. Maybe you should raise with the minister whether it is worth reintroducing that as nothing other than one small step towards making sure that the law enforcement authorities in this province do understand the feelings of the other side."

I do not know the total training that goes into it, but surely in the public relations field if nothing else that is a legitimate exercise and might just do some little thing to deal with some of the less understanding police forces. I want to stress that in terms of the involvement we are not condemning all of the forces. The one thing I have begun to learn when we have a nasty strike is when I can have a little confidence and when I have to worry like hell, because some forces are pretty Neanderthal in their treatment of strike situations.

The Ontario Labour Relations Board: Two things bother me there. I guess I will start with Irwin Toy because I think I warned the minister one year ago of what I thought was going to happen in that particular case. We had a long strike. It was a cause célèbre in the trade union movement. They probably should not have settled on the basis they did. It might have been better to go down the tube in the strike situation itself than to have happen what happened.

I really do not know where these workers go for protection after the fact. The minister is probably well aware that the workers who were on strike were never all called back, for a variety of reasons. The minister is also probably well aware that the nonunion portion of that company shot a fairly large number of their employ-

ees into the unit, and when the time came they were ready for a decertification vote.

While there were efforts made before the board, I do not feel enough consideration was given to what was obviously the intention of the owners of that company from day one—indeed, through the long and bitter strike; and that was that they were not going to deal with the union. In fact, they never really did and the decertification vote was won. The vast majority of those voting were people who had been transferred into the plant or new people.

The core that got back in were gutsy until the end. I think about 12 or 14 people stayed. As the minister knows, an awful lot of them who were mainstays never did get back to work in that plant. I am sorry to say, but I would be the most surprised guy on earth if they have not found some way to get rid of most if not all of those 12 or 14 people within two or three months down the road because they stuck until the end.

That is the kind of protection we still have in many of the nastier situations in Ontario for workers who have the guts to ask for their rights under the law in this province. I personally think it is disgusting.

I also have to say that the happiness we get every once in a while from the good decisions of the board sometimes gets jolted.

I do not know whether I am alone on this or not; I have not had a chance to talk to very many workers. I would like an explanation of the intervention of the board in the court ruling on the restraint bill. I seem to have mislaid the piece I read. No, here it is. Someone had called me and asked did I know of the board's intervention. I was busy at the time and did not listen to them as much as I should.

I am reading now from a memo from the executive board of the Labour Council of Metropolitan Toronto that has gone around to the unions. There will be a further distribution of this.

"During the Supreme Court hearing, the Ontario Labour Relations Board, a supposedly neutral body, tried to convince the justices that the right of workers to organize and collectively bargain is not a fundamental freedom. The board's position was"—and I am quoting here; I presume they have the judgement. I have it, but I have not brought it with me or underlined the part.

"It is submitted that the guarantee of freedom of association in S2(d) of the charter does not extend constitutional safeguards to the right of a

bargaining agent to represent the members of the association.

"It is further submitted that notwithstanding that the Inflation Restraint Act may abridge the right to free collective bargaining and the freedom to strike, the guarantee of freedom of association is far from empty of worthwhile content. The trade unions remain free to carry out their social, benevolent, charitable and political objects."

How you do some of that if you are restricted in finances I do not know. I really could not believe this when I saw it. How did this come about? Was it on the board's initiative or were they being used for political purposes? Either way, I find it appalling.

11:30 a.m.

I will wind up on the Irwin Toy deal by saying that we have had some inside information that the company is as happy as hell with the decision of the board that finally got rid of that irritant represented by those workers. That is why I say I wonder how long it will be before we see the loyal core of 10 or 12 out of jobs as well. The workers, on the other hand, including some who had the faith beaten out of them and may have come around to the company's side, are pretty disillusioned with justice that simply does not exist.

My son, who had a fair amount to do with that group of workers and who has a lot of rapport and respect for them, had a little session with me and two or three of them. They do not know a heck of a lot. They are not the most sophisticated workers, but what they do know is that Irwin Toy and the government of Ontario have screwed them. That is exactly what they said. Whether the ministry accepts it or not, that is the perception of those workers in that plant, who are probably going to end up out altogether.

During one of the votes I am going to try to deal with my concern over what is happening in the nursing home field. I want only to say that I started with that in these comments. An outfit like Drake, which I understand owns Medox, which is a fair-sized American conglomerate—we are trying to research it now—is going to be able to run around this province because of the obvious deficiencies in legislation or even in the workers' ability to negotiate contracting-out clauses. They were frozen for the last year or two and would have been tough enough to win in any event, as the minister knows. There are now some decisions that give them the right to negotiate on this basis but, because of your Bill

179, they were not able to do this. That is a point I tried to make in the House.

The situation exists now where it seems to be open season on the few rights and half-decent wages—they are still not at a very high level; they are among the lowest paid of all employees in Ontario—in the nursing home field. An outfit like Drake—there could be others as well—is able to use its Canadian cover, Medox, to go in and offer nursing home operators staff for \$4 to \$5 an hour. I have not heard any of them yet paying more than \$6.25; that is the highest I have heard. Most of them are in the \$4 to \$5 range.

They can make the argument—we did the figures on one plant—that one nursing home can save something like \$600,000 this year; probably \$400,000 next year; \$150,000 in the third year; and it may have no saving by the time the fourth year comes around. Maybe then they start a new round if we do not then have some hard legislation in Ontario covering outside parasites that offer this kind of service.

You can have an outfit going in and saying: "We will provide you with staff. Quality does not seem to really count and we do not have the standards in place there either, but we can supply you staff paid \$5 or \$5.25 an hour for which we will charge you \$6, \$6.50, \$6.75 an hour"—\$7 is the highest I have heard; it may go higher than that—"and we will pocket anywhere from \$1 to \$2 for every one of those employees." I do not know how long these contracts exist. "That is for doing nothing other than supplying you with a low-wage worker. We will supply the staff."

The contract does not have a contracting-out provision in it—most nursing home contracts do not—therefore they are able to lay off the employees, in effect destroy the doggone union and are able to allow that nursing home to save. If they are up to \$8.37 an hour, as in one of the cases we have been raising in the House, plus about \$1.60 something in benefits, a little better than \$10 an hour, then it is, "We will offer you someone with no benefits at \$5.25 or \$5.50 an hour and we will make a couple of bucks." In that first year the company is going to save several hundred thousand dollars. They are going to pocket I do not how many tens of thousands of dollars.

We are trying to find out how we are going to try to spread income around if people who are buying things, instead of getting \$10 an hour with their benefits are now going to get \$5.25 or \$5.50 or \$5.75 with no benefits.

If this minister is not prepared to move in the field—how many do we now have? I think we are now up to six or seven nursing homes where this is going on. In the case of the ones we have raised most recently—the 92 employees I talked about to the minister—that particular gentleman, as the minister knows, owns at least seven and is in the course of trying to buy another nursing home.

Are all of them in line? Are we really going to have a domino effect? Are all of those workers wages going to be cut more than half to the benefit of the owner of that home and the benefit of outside parasites? That is all you can call them.

A couple of good salesmen running around the province now to the nursing homes, if this minister is not prepared to act, and act fast, could cover probably 10,000 or more workers in homes and say: "We have a good deal for you. You can save X number of dollars almost immediately."

There is no legislation to prevent this and no indication that the Minister of Labour is prepared to bring in legislation that will prevent this happening. It is simply not good enough. There is either a concern for a basic right of workers or there is not. That has to be dealt with in a hurry. It is a serious situation that is going to increase. I do not know why we do not do it.

At this time I have given up on some other basic changes. We should be looking at amendments, maybe even as part and parcel of the whole question of how to distribute the work. We should be looking at amendments that deal with fairness and vacations.

Why are we almost the only the country in the world that still has two-week vacation periods? You have five or six weeks by law in many European countries now. Why is it that two workers in the street can work 25 years at the same job with two different companies and one of them, because he is lucky enough to have a union, will have five or six weeks' vacation? All the other guy has is the two weeks required by law.

In the odd case you get a more paternal company than that, but I have had actual situations like that brought to my attention. What is fair about it?

Is it not one of the concerns for a better, fairer life for working people in Ontario that we start looking at some basic improvements in employment standards? With the violence on a picket line, the contracting out, the successor rights, and we are dealing with a fight against restraint

all the time, so I suppose it is asking a hell of a lot to look at some small improvements that make real sense but might also be part of the entire package in terms of how we distribute work in Ontario.

There are so many things I would really like to cover, but I realize I have almost cheated in the time I have taken already and I am going to leave it there.

I want to make one final suggestion to the minister. There are individual cases that I certainly want to raise with the minister in some of the votes, but I am not going to have too much time, and the others have a right to call on a good chunk of the time that is remaining.

However, I am really wondering if, by the minister's speaking for three hours and 10 or 15 minutes with his 227-page opening statement, and with my going for three hours or whatever it is in trying to put my frustrations and concerns—and they are genuine and I think in most cases legitimate concerns—on the record, we are really doing the process of the estimates any particular good.

I would like to make a suggestion to the minister that might help in cutting through a hell of a lot of the verbiage on all sides. It is that he seriously consider next year limiting the opening statements to maybe 20 or 30 minutes for the minister and the critics and getting into the specific cases in a little more detail.

I suppose I am more comfortable with the overview and the concerns I have generally and you can work some of the cases into them, but we are certainly not dealing in any meaningful way—if that is what the estimates are all about—with the individual votes. So I would like to make a suggestion that at least be considered before we get into the estimates next year.

I will accept some responsibility. We may have gone after, in our own limited way and with our own limited resources, what we see as the fault in the whole field of labour relations in Ontario, and the minister may have felt—it is during your term that the opening statements have grown longer and longer, although it started under Mr. Elgie—that maybe the way now is to rail away against one another for the biggest single chunk of the estimates. I am not sure that is the right way and I would be open to some positive suggestions from the minister before the next set of estimates. Maybe we can get back to the more traditional way of doing things.

I conclude my remarks, and I am sorry it has gone on for so long.

Mr. Mancini: Bob, I do not think you have to apologize for going on as long as you did. I would like to say that I concur with the closing remarks made by the critic for the New Democratic Party.

Mr. Chairman, you may recall that in my opening statement I mentioned the fact that we should informally make arrangements among ourselves, as members of the committee, to ensure that every major part of the ministry receives a certain amount of allotted time. At that time I listed the major components of the ministry and how much time we might or might not want to spend on each particular subject. At least in that way every area would have received some scrutiny.

11:40 a.m.

If we can work towards that goal, I think we would be doing the Ministry of Labour a favour and we would be doing justice to the people we represent. In my view, anything we can do to establish guidelines amongst ourselves, where we could discuss all important topics, would be a boon for everybody.

Hon. Mr. Ramsay: I am looking around for Mr. Mackenzie; oh, there he is.

I would certainly be prepared to sit down with the critics from the opposition parties before the estimates next year. I do not want to make any commitment at this time as to what we would do, but I am certainly prepared to sit down and discuss the format and procedures for the estimates.

Mr. Chairman: Do you have a reply, minister?

Hon. Mr. Ramsay: Mr. Chairman, ladies and gentlemen, I would like to respond first of all to the general, and I note often philosophical, points that were raised by Mr. Mancini in his opening statement last Wednesday.

First to youth unemployment: Mr. Mancini stated, "As of October 1983, there were 156,000 young people aged 15 to 24 years unemployed in Ontario, equal to an unemployment rate of 14.8 per cent. The average rate so far this year has been 18.5 per cent. Anybody who has studied the demographics of youth unemployment will know that in certain parts of Ontario youth unemployment reaches 24 per cent."

Youth unemployment, which did increase dramatically after the onset of the recession in mid-1981, reached its peak in March-April 1983. Since then, there has been steady improvement in the youth employment picture. For example, males 15 to 19 years had an unemployment rate of 22.4 per cent in October 1982, but by October

1983 their unemployment rate had fallen 6.2 per cent to 16.2. I am not suggesting for a moment that is acceptable; I am just indicating the trend.

We expect continued improvement in employment prospects for youth as the baby boom which occurred at the beginning of the 1960s comes to an end. It is estimated that the teen-age population will decline by about 30,000 each year. Nevertheless, I want to make it clear that the government is not complacent about the current youth unemployment rate of 14.8 per cent.

Important initiatives were launched in the past year, aimed at stimulating employment of those hardest hit by the recession. For example, \$25 million was allocated to subsidize the employment of 20- to 29-year-olds who lost their jobs because of the recession and graduates of colleges and universities who could not find jobs related to their training because of the weak economy.

Second, supplementary funding of \$11 million was allocated for the youth employment envelope, which provides training, counselling, placement and direct job creation.

I should note that because of our long-standing concern about youth employment, the young people of Ontario enjoy the benefit of a unique array of special employment programs.

Mr. Mancini also stated that the programs in place now do not offer retraining or job counselling and that they do not offer a future to Ontario's unemployed youth.

I have to say I disagree with this view. First of all, I draw the committee's attention to the fact that 55,250 of 78,000 jobs provided by the youth employment envelope go to students during the summer months. By definition these are temporary jobs and contribute to keeping students in school where they can better prepare for employment in today's technologically complex world.

Of the remaining 23,000 jobs, fully 95 per cent are in the private sector in programs such as the Ontario career action program. OCAP has had a consistent record over the years, including during the recession, of retaining two thirds of program participants as regular employees after program support ends. These programs are effective stepping stones to regular employment, and a training plan is an integral part of the job experience of all 13,000 OCAP participants. A similar number received counselling through some two dozen youth employment counselling centres across the province.

These are programs that are successful in integrating out-of-work people into the labour

force. Preliminary indications are that the pilot winter Experience program has met with similar success in creating permanent employment for many participants.

Finally, I would like to make a few brief comments on the youth employment program proposed by the Liberal Party on October 26, 1983.

On first inspection, this program, which would cost \$139 million to create 14,000 jobs, appears to be less efficient than existing programs in securing maximum benefit for the expenditure of public funds.

Mr. Mancini: That is absolutely not true.

Mr. Chairman: You can question the minister's comments later on.

Hon. Mr. Ramsay: As I understand it, there are no provisions for securing contributions by the private sector to create short-term jobs, nor to retain employees after program termination. Moreover, the proposed public sector program has limited potential for linking temporary employment with long-term regular employment since the public sector is not expanding to create new jobs.

The estimated cost per job for this open-ended program is very high, and since it is based on a 50 per cent participation rate of youth unemployed for at least 20 weeks, it could well be a substantial underestimate.

Moving now to the comments on handicapped employment: Mr. Mancini expressed concern about the high levels of unemployment of disabled persons, quoted figures of 50 to 80 per cent unemployment and went on to imply that we were not making the best efforts in this area.

The levels of unemployment amongst disabled persons are serious. In 1978, we established the handicapped employment program in our ministry to promote employment opportunities on the presupposition that the problem was real and must be addressed; but I am informed the member is not correct when he says that up to 80 per cent of disabled people are unemployed.

The Ontario Manpower Commission has done an extensive background study on the subject of disabled employment which, on the basis of the best available evidence, reported that an unemployment rate of 27.9 per cent existed among physically disabled persons in Ontario. This was some four times higher than the general unemployment rate prevailing when the surveys on which the study was based were conducted but

was still far short of the figures quoted by the member.

I recognize that within that overall percentage of 27.9, the unemployment rates for certain individual groups were markedly higher—up to 75 per cent for those suffering from cancer—so perhaps that is the source of the figures.

Mr. Mancini quoted an editorial in the *Toronto Star*, dated April 29, that criticized the budget of the ministry's handicapped employment program as inadequate. As I mentioned in the Legislature last spring, I am confident the program has been treated fairly, notwithstanding the constrained circumstances that face government administration today.

While the total allocation was reduced marginally as a result of restraints that were faced by most ministry programs, the program was able to administer a record number of summer Experience projects, employing 39 students. As well, the program benefited from federal-provincial job creation funds under the Canada-Ontario employment development program to employ unemployed persons on a range of projects, from improving the public information resource system to promoting awareness in various communities.

Mr. Mancini read into the record the recent letter from Beryl Potter to the Premier (Mr. Davis) on behalf of Action Awareness, in which she expressed frustration with present government efforts across the broad range of services to disabled persons.

I was one of the ministers who met with Action Awareness on October 13 and can speak first hand of their sincerity and their commitment. They presented their case extremely well and made a very favourable impression on me and my colleague the Provincial Secretary for Social Development (Mr. McCaffrey), who is currently co-ordinating the government's response to Action Awareness. I believe their initiative will lead to continuing discussion that will have positive and concrete results for disabled persons.

However, having said that, I would not think the member would want to leave the impression that the government is currently inactive in the field of support to the disabled. He is probably aware that funding for direct services and income support from five ministries exceeds \$2 billion, exclusive of the more than \$1 billion in awards of payments to injured workers from the workers' compensation fund and exclusive of our own ministry's program to promote employ-

ment opportunity and to enforce the new handicapped provisions of the Human Rights Code.
11:50 a.m.

As my remarks of last week indicated, I believe that notwithstanding the difficult employment climate, the ministry's programs have made significant progress in increasing the awareness of employers and others about the abilities of disabled persons and in facilitating their employment.

Moving to human rights, Mr. Mancini congratulated the Ontario Human Rights Commission on its good work but mentioned dangers of "trivialization."

I would like to thank Mr. Mancini publicly for his kind remarks, and although I am not totally clear on what he means by "trivialization," I can assure him that the commission will continue to administer the Human Rights Code with its characteristic fairness and sensitivity.

Mr. Mancini made general references to the three-point program outlined by Mr. Wrye last year—this is, incidentally, relative to amendments to the Employment Standards Act re layoffs—designed to avoid plant closures where possible and to deal with their consequences where layoffs are inevitable.

The particular measures proposed in this program include mandatory consultation with employees prior to layoff decisions, steps to upgrade the severance pay and advance notice provisions in the Employment Standards Act, and introduction of a scheme to protect the wages of employees in situations where their employers become insolvent.

Before commenting on each of these points, I would like to make a general observation on Ontario's current legislation relating to layoffs and plant closures.

There is no doubt in my mind that this legislation is already amongst the best in North America. While it is perhaps possible to point to other jurisdictions, particularly some in western Europe, and find certain elements of their legislation that have no counterpart in Ontario, I suggest that this province must of necessity be influenced in its own legislative initiatives by the position in its neighbouring jurisdictions.

Quite frankly, Ontario cannot afford to get too far out of line with its closest competitors. The consequences of doing so in regard to the type of legislative provisions being proposed here include a deterioration in economic and trading competitiveness and the distinct risk that investment opportunities will be lost to our neighbours.

I point this out not in a spirit of complacency—I believe we have an obligation to continue to monitor developments in this field and to devise appropriate solutions as needed—I simply suggest it is one of the harsh facts of economic life.

Mandatory consultation: On the question of prior consultation on plant closures, I am not convinced that such a requirement would have the desired effect of reducing numbers of layoffs and closures. One must remember that in general there are often compelling reasons, usually economic, that cause management to decide to lay off workers or close and that possible options and alternatives are normally considered before the decision is reached.

I point out that my special adviser reviews announced and impending plant closures and layoffs. The special adviser, and where necessary the ministry's conciliation and mediation staff, will attempt to resolve disagreements concerning termination rights and benefits. Successful resolution would be made much more difficult after a potentially negative mandatory consultation experience.

The second element of the three-point program outlined by Mr. Mancini involves the upgrading of the present provisions on advance notice and severance pay, including the elimination of perceived loopholes in the accompanying regulations.

Longer notice periods for large-scale layoffs or closures have been established because of the more significant local labour market impacts of such terminations, particularly where they take place in smaller communities. The employees and the community, with government assistance where appropriate, need more time to adjust and to develop strategies for coping with the layoffs. The maximum notice period is now 16 weeks where 500 or more persons are to be terminated.

There are a number of difficulties in requiring longer notice periods. I will have more to say on this in connection with particular suggestions made by Mr. Mackenzie. One of the problems involves determining when an employee is truly terminated from employment. In this instance, regulations under the act recognize that a layoff may be temporary where the employer has every intention of recalling the employees to work.

A layoff is treated as temporary if it lasts for not more than 13 weeks in any period of 20 consecutive weeks. The period of temporary layoff may be extended if the employer shows a commitment to the worker, such as where the

person laid off receives certain payments from his employer, where payments continue to be made by the employer under a retirement, pension or insurance plan or where the worker is entitled to supplementary unemployment benefits.

An extension may also be granted where the worker is recalled within the time or times fixed by the director of employment standards. This applies only if the employer has given strong evidence that the employees would be recalled on the date fixed for recall and where the extension was required for reasons beyond the employer's control.

Mr. Mancini characterized the practice of granting extensions to temporary layoffs as a "loophole." With respect, I do not consider that suggestion to be accurate. As I have said on other occasions, I would not want to cause any worker to be deprived of the opportunity of returning to work by placing undue restrictions on situations where there is legitimate need for an extended temporary layoff.

In regard to severance pay, Ontario is already one of the very few North American jurisdictions with legislation on this subject. Mr. Mancini did not go into detail as to how he would improve the present provisions. I believe that any major expansion of the scheme would need to be examined very carefully in view of its possible cost implications. Nevertheless, I am always prepared to give serious consideration to any suggestions aimed at improving the present provisions.

Wage protection: Both opposition critics have raised the difficult problem of protecting claims for wages and entitlements, such as severance pay, in cases where financial difficulties have caused the employer to go out of business.

In my opening remarks I referred to the establishment in June of a commission of inquiry into wage protection, under Donald Brown, Q.C. Mr. Brown is considering various possible measures within provincial jurisdiction to secure the payment of wage arrears and other employee claims in the event of business failure.

At the same time, I would remind the committee that the new federal Minister of Consumer and Corporate Affairs has recently revised Bill C-12, An Act to amend the Bankruptcy Act. This amendment would appear to give wages a super priority among secured claims to a limit of \$4,000 per employee in the event of bankruptcy or receivership. This bill has been referred to the standing committee on finance, trade and economic affairs.

In the light of this initiative, I have asked Mr. Brown's advice as to the adequacy of the federal amendment and its potential impact on his inquiry. I will be discussing these matters with Mr. Brown and the federal government shortly.

On a related matter, Mr. Mackenzie asked why we had not moved to protect wages by way of a deemed trust as the Employment Standards Act currently provides with respect to vacation pay.

As the committee may be aware, the validity of the deemed trust for vacation pay has been subject to challenge in the Windsor Packing case. As for protecting wages under a deemed trust, there is considerable doubt that such a trust would be within the legislative authority of the province. Indeed, if the recently announced federal amendment is enacted, the authority of the province to establish a deemed trust for wages would potentially be removed.

In any event, I want to assure the committee that all aspects of the issue of wage protection are under active examination by the Brown commission. We hope we will be able to resolve it in the near future.

Employment standards: Mr. Mancini referred to an employment standards investigation involving Dylex Ltd. which was under way during last year's estimates debate and inquired into the results.

The employment standards branch determined that termination pay was owing to 43 former employees and issued an order to pay against Dylex, totalling \$4,571. The employer has appealed the order to a referee as provided by section 50 of the Employment Standards Act.

The issues of severance pay for the laid-off employees from the Lakeshore plant and termination pay for those employees who did not accept the offer of alternative employment in the Weston Road plant are subject to a hearing before a referee under section 51 of the act. Also under review is the question of whether the offer of alternative employment was bona fide.

Professor Swan was appointed referee for both hearings. No final decision has been reached yet. The delay is due to the time required to resolve the legal objections raised by the employer and the demands for records and other documents made by legal counsel representing both union and employees.

12 noon

Mr. Mancini has expressed concern that the practice of mandatory retirement will be potentially affected by the application of the Charter of Rights. As I indicated in my opening remarks

last week, the members of the Ontario Manpower Commission have recently reviewed the commission's materials on this issue, and I expect to receive the final report in a couple of months.

I understand that the commission has considered the possible impact of the charter on mandatory retirement. I want to assure the member that when I receive the commission's report I will be seeking legal advice on the potential impact of the charter on current mandatory retirement practices and the age provisions of the Human Rights Code, as well as its impact on any recommendations the commission may make.

I would now like to turn to the points raised by Mr. Mackenzie last week. Mr. Mackenzie quoted at length from the Divisional Court's judgement relating to the constitutionality of the Inflation Restraint Act and also from a memorandum, evidently prepared by a firm of solicitors, commenting on the effect of that judgement.

I do not see that much purpose is served in arguing that case in these estimates. As committee members know, the crown has sought and been granted leave to appeal that decision to the Ontario Court of Appeal. I agree that the case is an important one, raising for the first time questions relating to the meaning of the term "freedom of association" as it appears in the Charter of Rights. Also at issue is the validity of subsection 13(b) of the Inflation Restraint Act which operates to prohibit strikes or arbitration as the case may be in relation to noncompensation issues arising in collective agreements other than first agreements.

As I have indicated, I do not intend to get drawn into a detailed discussion about the rationale for this legislation, either generally or in relation to subsection 13(b), other than to reiterate that in my respectful opinion it is legislation which will be seen to have operated in the longer-term interests of public sector employees.

I sincerely believe that the program established by the legislation did contribute to the dramatic reduction in inflation rates over the past 12 months, both directly and indirectly, and having done so it has established the economic environment in which we hope the threat of excessive inflation to the incomes of all public sector employees has been overcome.

Frankly, I think it is simplistic to argue that any of the mechanisms by which wages and prices are determined in our free market econ-

omy are necessarily in all circumstances immune from review and, if necessary, control by legislative intervention. If this is what Mr. Mackenzie is saying, I find it particularly odd that the view should be expressed by someone who espouses a social democratic philosophy. Incomes policies of varying designs are a common feature of many western European jurisdictions that have social democratic traditions, jurisdictions where it has been recognized that at certain times the case for intervention in the market place is dictated by economic necessity.

Just a word about subsection 13(b): It is quite true that during the restraint program the effect of that section is to effectively prevent bargaining, other than by mutual consent, with respect to nonmonetary provisions. I believe there were good and valid labour relations reasons for enacting subsection 13(b).

The program was a short one, with a control period of only one year. In a program of this sort, it is in my view simply unrealistic to pretend that a clear distinction can be made between monetary and nonmonetary provisions such as would facilitate bargaining of the latter issues in the absence of the former. Bargaining, as Mr. Mackenzie knows, is a seamless process, where the tradeoffs between monetary and nonmonetary matters occur with great frequency. To ignore that interdependency is to misunderstand the bargaining dynamic.

Compensation and noncompensation issues become linked in the formulation of demands and responses by the bargaining parties. Flexibility on the wage side in negotiations can have a direct bearing on whether nonmonetary matters are pursued and on the particular shape and content of nonmonetary demands. Bargaining on nonmonetary matters alone would have been a somewhat unreal and unbalanced exercise, alien to collective bargaining practice in this province.

In a very short program, like the one introduced last year, the uncertainties and financial distortions which could have resulted from bargaining on noncompensation matters only should be obvious to all.

However, apart altogether from that, there is the obvious difficulty of establishing precise demarcation lines between compensation and noncompensation issues. Although one can attempt to draw these lines, it is difficult to conceive of any negotiated provision which does not have some degree, however slight, of economic cost.

I suggest to my friend that there would have

been a very great danger of extensive litigation on precisely what constituted noncompensation matters had it not been for the provisions of subsection 13(b). I hope he would agree with me that, with all due respect to the legal profession, prolonged litigation on issues of this sort does not generally contribute to the certainty and stability which are desirable in labour relations matters.

There is one other point which I might make in relation to subsection 13(b). If the act had not extended collective agreements for all purposes—compensation matters as well as noncompensation matters—incumbent bargaining agents would have been vulnerable to displacement applications by rival trade unions. This would have placed the incumbent union at a distinct disadvantage at a time when it was unable to bargain for its members in relation to compensation issues.

This, indeed, was the very issue raised by the Ontario Labour Relations Board decision which was before the Divisional Court and, again, I should have thought it would be seen to be in the interests of representational stability to have agreements extended for all purposes and to avoid raiding or displacement applications during the currency of a very short program.

Finally, the rationale for the exception of first agreements seems to me to be obvious. These are situations where there is no agreement whatever and where the most basic framework governing the relationship between the parties simply does not exist. In these circumstances, the government recognized that it was unfair to ask a certified bargaining agent to wait for one year before obtaining the basic elements of the collective agreement, including grievance procedures and the like. This seems to me to be a sensible and fair exception to the general principle embodied in the act itself.

Mr. Chairman, I have not attempted to deal exhaustively with these matters, which, I have said, will be the subject of argument before the Court of Appeal. However, I did want the record to show that I sincerely believe that this legislation was in the long-term interests of both the public sector employees and their bargaining agents.

On nursing homes, last Wednesday the member for Hamilton East referred to subcontracting arrangements concluded by certain area nursing homes which had resulted in the displacement of a significant number of unionized employees, and followed up, of course, on that same topic today.

The next day, as previously scheduled, I met with the Canadian vice-president of the Service Employees International Union, which represents the affected employees. I was advised of the union's intention to commence proceedings to challenge the employers' actions. I understand that unfair labour practice complaints were filed with the Ontario Labour Relations Board later that same day. A number of days have been set aside for hearing these complaints, commencing during the first week of December.

While I am troubled, and I say that most sincerely, about the employment and labour relations implications of these developments, it would be inappropriate for me to speak in greater detail when proceedings are pending before the board.

Mr. Mackenzie discussed a number of issues relating to plant closure and layoff policies. I have already indicated in my response to Mr. Mancini that Ontario, in my view, stands among the leading jurisdictions in North America in this field. Obviously with the impact of economic rationalization and technological change, we must be ready to consider appropriate change.

On the other hand, as I have said, we must be conscious of our relative position with respect to other economic competitors and not act to discourage growth and the creation of employment opportunity.

Public justification: With respect to a mandatory requirement for public justification, I should observe that employers, in discussing their decisions with me and with ministry officials, provide comprehensive justifications. I am also concerned that rather than altering closure decisions, a public justification process would serve only to build up negative attitudes towards business without regard for the legitimacy of reasons for closures.

A minimum notice period for mass layoffs of six months: With respect to notice provisions, current Ontario legislation provides for eight to 16 weeks' advance notice of large-scale layoffs, excluding temporary layoffs, without distinction as to the form of layoff, full closure, partial closure, or long-term indefinite layoff. The rationale for these requirements is that they provide time for individual job search and financial adjustment, time for formation and operation of adjustment committees and other measures to mitigate the impact of large-scale

job displacement on workers and on the community.

12:10 p.m.

The effectiveness of these notice requirements depends on the ability of employers to foresee layoff or closure situations and to be in a position to give the appropriate periods of notice. I feel that establishing a general six-month notice requirement for layoffs and closures would be unrealistic, since in many instances employers cannot anticipate changing business conditions that far in advance. Instead, they would be simply forced into pay-in-lieu-of-notice situations without having the opportunity of giving the required advance notice to employees.

With respect to severance pay, currently Ontario's legislation requires one week's pay for each year of service for employees with five or more years of service where termination occurs as a result of a full or partial closure involving 50 or more workers. The purpose of the provision is to provide a measure of financial compensation to employees in recognition of their commitment and contribution to the employer over a period of time and on the loss of job-related rights or benefits incurred by them.

As I remarked earlier, since the introduction of this vanguard provision, we have never said that the subject was not open for further discussion and the matter is indeed under continuous review.

As well, I would remind the honourable member of the fact that a minimum legislated standard for severance pay does not preclude private contractual arrangements where the employer or the parties to a collective agreement consider that a better benefit is feasible.

With respect to compulsory labour-management adjustment committees, Ontario's legislation currently gives the Minister of Labour the power to direct an employer who has terminated employees or who is considering terminations to participate in any action which is required by the minister to facilitate the re-establishment of these employees in new jobs.

This provision allows the flexibility necessary to ensure that all actions which can be taken to promote the re-employment of terminated employees, including the establishment of labour-management adjustment committees, will be taken. Given the variety of circumstances in which terminations can occur under provincial jurisdiction, a requirement that such committees be established in all cases, irrespective of their appropriateness or apparent usefulness in

a particular situation, seems to me to be unnecessary and perhaps even counterproductive, since in our experience employers generally volunteer to establish such committees and, when counselled to do so by the ministry, comply. However, if my friend can refer me to examples where this has not occurred, I would be happy to look into them.

Regarding a community adjustment fund, it is not clear from Mr. Mackenzie's remarks how a community adjustment fund of the kind which he recommends would be administered or what it could be expected to achieve beyond the results attained through existing community-oriented job creation programs.

From the perspective of this government, the economic issue of job creation in Ontario communities is being addressed directly and with vigour through a variety of such programs. A number are aimed directly at job creation through the province's own short-term job creation program, through co-operation with the federal government in the Canada-Ontario employment development program, through accelerated capital works programs and through measures to provide increased youth employment.

In addition, the government has acted directly to encourage the private sector to undertake new job-creating investment in our communities as well as to ensure that the labour force is properly trained to take up job opportunities created by this investment.

In the current economic environment, it is not clear that diverting funds from these programs into other forms of economic adjustment assistance for our communities would be the best means of achieving our objectives for job creation and investment in this province.

Mr. Mackenzie proposed that unions be given the right to bargain where major changes occur during the term of an agreement. I believe that this suggestion deserves careful consideration, especially in view of current concerns as to the impact of new technology on future employment.

My first reaction is that the proposal gives rise to a number of questions relating to the precise circumstances, for example, those in which the bargaining right would become operative. Nevertheless, I have noted Mr. Mackenzie's suggestion and I have no hesitation in stating that we are prepared to study it further.

Mr. Mackenzie has suggested that there should be a provision in the Labour Relations Act to ensure that a trade union's bargaining rights will follow any plant relocation. This proposal raises a number of questions.

For example, employees at the new location may have no involvement in the discussion as to which trade union, if any, they wish to ask to be their bargaining agent. Again, one can anticipate complications where the relocation involves a merger or consolidation with an existing plant which is already unionized. In such a case, which trade union's bargaining rights would prevail? These are but a sampling of the unanswered questions raised by the proposal.

I would remind the member that protection does exist under the present legislation for trade unions and employees displaced by design through a plant relocation. I am referring to the decision of the Ontario Labour Relations Board of April 1980 on Westinghouse Canada Ltd.

The member will recall that the respondent company's decision to relocate one part of its operations was found by the board to have been based in part on the desire to escape collective bargaining obligations. A remedial order was made by the board to compensate the trade union and to afford a reasonable opportunity to organize the new facility. The board also directed that employees be given the right to relocate with financial assistance.

Finally, I would refer the member to the ministry's white paper on preferential hiring. This represents a serious effort on our part to fashion a workable procedure whereby employees affected by a plant closure may take advantage of employment opportunities in other plants operated by the same employer. As you know, this paper is still at the initial stages of discussion.

Mr. Mackenzie made mention of the need for pension reform, particularly improved vesting, portability and protection of plans where plants close. I would like to point out that this ministry is participating actively in the work of interministerial committees now finishing Ontario's response to the federal green paper on pension reform.

The federal green paper proposed increases for single pensioners, inflation protection, earlier vesting, improved portability, increases in Canada pension plan benefits and contributions, and a number of other improvements. Many of these proposals reflect earlier recommendations by Ontario's Royal Commission on the Status of Pensions and the select committee on pensions. I am confident that the response to the green paper will recognize these points of agreement, as well as make new contributions on the means of implementing reform.

On the question of earlier vesting, I note that

the select committee recommended vesting after five years, as conditionally did the royal commission. The green paper went further and recommended vesting after two years.

I would also remind the member that amendments to the Pension Benefits Act were introduced in 1981 to improve the protection of workers where a private pension plan is fully or partially wound up.

Mr. Mackenzie suggested that the Ministry of Labour should improve its information on permanent and indefinite layoffs by collecting more comprehensive data on smaller layoffs and on the characteristics of laid-off workers. The ministry's stats on permanent and indefinite layoffs are compiled as a result of the ministry's responsibility for administration of the advance notice of termination provisions of the Employment Standards Act.

The principal objectives of the program are to ensure adequate monitoring of the notice of termination and severance pay provisions of the act, to permit systematic follow-up of cases to verify what actually happened subsequent to the announcement of layoffs, and to establish better reporting categories for employment cutbacks. In regard to the latter, the previous "partial closure" category has been subdivided to provide separate data on reduced operations.

I am advised that extension of the system to provide complete and comprehensive coverage of all layoffs affecting fewer than 50 employees would create major administrative problems and not guarantee the accurate or complete information desired. It is my understanding that in Quebec, where there is mandatory reporting of layoffs affecting 10 or more employees, there are considerable difficulties in collecting information on smaller layoffs.

Concerning the suggestion to collect on an ongoing basis information about the characteristics of workers laid off, I am not certain what this would accomplish without examining their labour market experiences as well. Our preference is to obtain both kinds of information on a periodic basis. In this respect, as I mentioned in my opening statement, the ministry is in the final stages of completing a report on its survey of labour market experiences of workers affected by plant closures. This should be available shortly.

As the member pointed out in his remarks, there have been several closures of companies over the past few years where the attitude of the company towards its employees has been less than one would expect from such establish-

ments. While some of the companies mentioned by the member did indeed discontinue their operations before my tenure as Minister of Labour, I am familiar with most of the particular closures mentioned, having served along with the member on the select committee on plant shutdowns and employee adjustment.

12:20 p.m.

Since then, and particularly since my appointment as Minister of Labour, as the member knows, I have had to deal with numerous plant closures and partial closures and have personally met with representatives of management to hear their reasons for the closure and with representatives of labour to listen to their concerns for their members in these situations.

As I stated earlier, there have indeed been instances where the company representatives have taken a hard line and have been unwilling to go that extra mile for their employees by not providing extended benefits or offering first chance at available jobs at other company locations.

While such instances have occurred, I am happy to say they are in the distinct minority, and the majority of companies do indeed want to provide as far as they possibly can for their displaced employees. Many companies come to us with a complete package of assistance—monetary as well as personal, such as counselling—already prepared and ask for our approval or suggestions for improvement.

Other companies, while they have not developed a comprehensive package to help their employees, are quite open to suggestions and will even solicit my advice and the advice of my officials as how best to assist their employees.

I wish to emphasize to the member that one of the main pieces of advice that is always given to employers is the importance of maintaining an effective line of communication with their employees. It has been my experience that, although there are a few examples of poor management-labour relations, most of the officials I have met and talked with have implemented this suggestion.

Allen Industries: In his remarks, the member referred to employees' difficulties encountered at Allen Industries in Hamilton with respect to pension benefits and other assistance programs.

Incidentally, Mr. Mackenzie, I am dealing with your comments of last week and not necessarily of today.

Yesterday my officials contacted representatives of the union, the company and the Pension Commission of Ontario to discuss the union's

concerns with respect to the pension plan. I am advised that the dispute involves a 1981 amendment to the original pension agreement which the company claims was made to comply with the requirements of the Human Rights Code and Revenue Canada regulations.

I understand that the pension commission has received material from the union and is in the process of contacting officials to seek clarification for them. The company has assured my officials that they have no desire to hold up any benefits due to the employees affected by the closure and will take steps to resolve the issue as quickly as possible.

Although the issue falls under the jurisdiction of the pension commission and will no doubt be dealt with in an expeditious manner, I will continue to monitor the situation closely.

When I met with company officials earlier this month, I received their assurances that the company will indeed participate in government-sponsored assistance programs to assist their employees, both in terms of a manpower adjustment committee to help the employees find alternative work and in terms of a counselling program which is sponsored by my ministry.

I have impressed upon the company—obviously not too successfully by your comments today—the need to keep their workers informed on an ongoing basis.

Employment standards: Mr. Mackenzie compared the employee's right of appeal of a decision of an employment standards officer with the corresponding employer right. I would like to give the member my assurance that this is indeed a matter that is currently under active consideration by my ministry.

Chrysler trim plant: In criticizing the drafting of the regulations under section 40 of the act, Mr. Mackenzie drew attention to a current case involving the Chrysler trim plant in Ajax. Briefly, the facts of the case are these.

The employees were given notice of temporary layoff. A series of extensions on the recall date resulted in the layoff period exceeding 13 weeks. During this time, the employer continued to make payments to the employees' pension plan.

Ordinarily, once a supposedly temporary layoff exceeds 13 weeks, the employees affected are considered to have had their employment terminated as of the day they were first laid off. This, in turn, triggers an obligation on the part of the employer to provide pay in lieu of notice of termination.

However, there is an exception to this rule. In

the case where the employer continues to make payments for the employees' benefit plan beyond the 13th week, the regulations provide that as long as the employer continues to do so, the employees are not to be regarded as having been dismissed, but rather as continuing to remain on a temporary layoff.

The issue in this case is whether the continuation of pension plan contributions can be considered to be a benefit to employees, within the meaning of the legislation, when their pension rights have not yet vested. As well, there is concern over whether the series of extensions of the recall date are tantamount to a termination of employment or indicative of a scheme to defeat the intent and purpose of the act.

A hearing, established under section 51 of the act, was adjourned in order to enable the parties to agree to a statement of the facts. However, no such agreement has yet been reached. In the meantime, the original referee has withdrawn, a new referee is to be appointed and arrangements are being made to arrange a date for resumption of the hearing.

It would be improper of me to comment on the case while it is still under way, beyond pointing out that, if any further action on the ministry's part appears to be called for, such a determination will obviously await the outcome of the case.

Mr. Chairman: Minister, it appears you have probably about 10 minutes.

Hon. Mr. Ramsay: I will be less than that—five minutes.

Mr. Chairman: I was wanting to have some votes carried, if we could, so we could determine exactly where we are going this afternoon.

I wonder if the critics would agree to starting off at vote 2301 and working down to 2302. If we can carry them, then you will have 2305, 2306, 2307 and 2308. Which one of those would you want to deal with this afternoon? Are you agreeable to doing some of them now?

Mr. Mackenzie: The minister could probably finish the two or three pages of his statement and we could take them right at two o'clock.

Mr. Chairman: We should determine where we are heading this afternoon.

Mr. Mackenzie: I presume that we start with the first vote. There may be a couple of questions on each of them, but I do not anticipate it will be long.

Mr. Chairman: It is up to the committee as to what you want to do, whether you want to to

proceed with some votes now or whether you want to finish the statement.

Mr. Harris: Let us leave the votes until January and carry on with the statement.

Mr. Chairman: Carry on, minister.

Hon. Mr. Ramsay: Did I hear you correctly?

Mr. Hennessy: We like your voice.

Hon. Mr. Ramsay: My remaining remarks are very brief.

Mr. Mackenzie drew attention to two items which were raised at last year's estimates. I refer to the Ontario Manpower Commission's employment strategy for women and the composite test for equal pay for equal work.

With respect to the employment strategy for women, I can advise that a strategy paper was prepared by the Ontario Manpower Commission and has been transmitted to the women's directorate for review and consideration. The commission continues to liaise closely with the women's directorate on the important area of employment for women.

Mr. Mackenzie: Is this going to be made public, minister, or just turned over to the women's directorate?

Hon. Mr. Ramsay: I think eventually it will be made public, yes.

Mr. Mackenzie raised the general question of unemployment of disabled persons and criticised the government's programs in this area. I have already referred to this issue in my response to Mr. Mancini's remarks.

I have mentioned that the scope of the government's programs for disabled persons extends to several billions of dollars, some of it directly related to assisting individuals to find employment, but I will not pretend that all is perfect. The system is complex.

The federal government plays a role through Canada Employment and Immigration Commission, as do several provincial ministries and agencies, such as the Ministry of Community and Social Services, Workers' Compensation Board and the handicapped employment program, as well as local governments and voluntary agencies. Indeed, one of the problems for the disabled person seeking help in employment is the very number of different government programs, allowances, etc.

There are two inquiries designed to improve the focus of this considerable effort. The first is the study by Jean Pigott, recently released for discussion, entitled *Linking for Employment*. This study recommends a thrust towards a new level of involvement for employers and disabled

consumers acting directly together in individual communities through community councils.

I have asked the Ontario Manpower Commission to consider this report as part of the process of providing advice to the government on employment strategies for the disabled. Their advice will be received by the cabinet committee on manpower early in the new year.

You quote from a letter of June 24 from the Blind Organization of Ontario with Self-help Tactics, BOOST, advocating that the handicapped employment program become directly engaged in job placement services.

As I pointed out in my reply to Mr. Southern, the mandate and focus of the handicapped employment program is to promote employment opportunity and increase awareness of the abilities of disabled persons by a variety of means. We are not in the business of direct delivery of service to individuals, because both federal and provincial governments have large established programs for this.

I might add, and I know the honourable member is aware of this, that in fact the handicapped employment program does take all steps within its means to assist individuals who come to it by referral and advocacy work with appropriate agencies. However, the program does try to identify promising new approaches to job placement. That is why it has given grants to organizations in both Ottawa and Hamilton to explore new ways of co-ordinating placement services in those communities. I note that the Pigott report re-emphasized the importance of finding solutions to training and placement of disabled persons at the community level.

You dismissed the International Year of Disabled Persons as artificial and contrived. I can assure you that this is not the verdict I have heard from many consumers and voluntary organizations. Attitudes were changed and awareness was increased. These are, of course, pre-conditions of concrete positive action.

As for quotas or some other mandatory approach to affirmative action, the honourable member knows that it is my belief that the best long-term solution is the voluntary commitment of all relevant parties in the work place—employer, unions, health professionals, etc.—to recognize ability and to provide opportunity.

I happen to believe that, since the IYDP, progress has been made in recognizing the capacity of disabled people, and the stigma of quotas or other mandatory measures would, in my view, set this progress back. I agree with you

that we need to keep improving our approaches and exploring new avenues, and I am confident that our record in this area is a commendable one.

One of the areas where useful developmental work has been undertaken by the handicapped employment program is in designing tools to assess the physical demands of jobs and the functional capacity of individuals. You inquired

about the progress of the study on this latter subject, and I am pleased to report that I expect to have copies of the document for committee members within the next week.

Thank you very much.

Mr. Chairman: Thank you, minister. We will adjourn until two o'clock.

The committee recessed at 12:31 p.m.

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Labour

Third Session, 32nd Parliament
Wednesday, November 23, 1983
Afternoon Sitting
Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 23, 1983

The committee resumed at 2:08 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR

(continued)

On vote 2301, ministry administration program:

Mr. Chairman: I see a quorum. I wonder if we could get started on some of the votes. Do you have your estimates in front of you for vote 2301?

Item 1, main office; shall that item carry?

Mr. Mackenzie: Hang on a minute, Mr. Chairman. I think I am right under the vote; I am just wondering if there is any better place to raise it. I presume under main office, the minister's vote, there is some discussion of policies and programs and some of the things that we have been discussing in the opening statements.

On item 1, main office:

Mr. Mackenzie: The minister has told us he is looking at it; can he tell us if he has any specific suggestions or intents or programs in mind, in terms of the severance pay legislation and some of the inadequacies that are obvious? Probably the Gardner-Denver case is an example. I know the minister has talked to some of the people there.

What is the main office of the ministry doing in trying to come to grips with what I call the loopholes in the law that allow them to get out from under, such as is happening in a number of cases, and I think, from my perspective at least, in the Gardner-Denver case as well?

Hon. Mr. Ramsay: Mr. Chairman, I think this same matter came up last year, if my memory serves me correctly. We advised that we had looked very carefully into those particular circumstances where we suspected there might be an attempt to circumvent the law. We did not find any widespread misuse of the regulations.

Mr. Armstrong: I think that is correct. There was a similar question asked last year and I think it was pointed out that there is a section of the act—if I had the act here I could tell you the section—which makes it an offence to, in effect, take action for the purpose of contravening an

obligation arising out of any subsequent provision of the act.

In the particular case that was being discussed last year—I think you are right, minister—the opinion we got from Mr. Robinette was that there had not been an attempt to circumvent the act.

I am not familiar with the facts of Gardner-Denver, I do not know whether—

Mr. Mackenzie: What you are telling us then is that there is no hope for the appeal of the workers and for the situation there. They will now finish work on the dates—or sooner, inasmuch as they have been moving machinery out of the plant—and a 25-year man will end up with \$4,300 instead of the \$11,000 he would have been qualified for if he met the requirements of the—

Hon. Mr. Ramsay: No, I think what I said in the House yesterday was that the employment standards branch was looking closely at that situation.

The answer I gave you a few moments ago was relative to the broad question, not just to the particular case you are raising now.

Mr. Mackenzie: Can we make it a little broader then, because it is one of the things I am presuming your office is taking a look at. Does your look take into account the fact that most of these silent compressors will now be built, apparently as a result of a fairly large loan, in Roanoke, Virginia?

Does it take into account the Foreign Investment Review Agency decision that allowed the sale of Gardner-Denver to Cooper Industries on the basis that, if I read the form correctly they did not promise increased employment, but they did promise new investment; they did promise increased resource processing and use of Canadian parts and services; they did promise additional exports; they did promise enhanced technology development, an improved product and a beneficial impact on competition; and they did promise compatibility with industrial and economic policies, as part of the guidelines for FIRA?

So when Cooper Industries took over this plant just three short years ago they made all of

those commitments. Does that now enter into how you are going to take a look at what they are doing to the workers, or does that not enter into it at all; is there no communication on this? I recognize that FIRA is a federal agency, but I am sure the ministry must have been aware of the commitments that company made when they took over this plant.

I am saying simply that we now have some 48 workers who stand to lose thousands of dollars, even on the basic severance we have if they do not qualify, and it looks very much like they may not under the current legislation.

I am asking what kind of discussions are going on within your ministry over a specific case like that and also over the background of the broader issue where a company came in, bought out this local company that had been in business for a long time, made all of these commitments and is now quickly getting rid of them. They are apparently doing this to a number of plants in the states as well.

Mr. Chairman: Do you feel that that comes under the main office in vote 2301?

Mr. Mackenzie: I think you raise it there; I do not know what other vote you would raise it under because it does mean a policy decision. I presume the policy decisions have basically some input from the main office. I have about three issues to raise that I think are main office issues. I want to know what we are now doing.

We have a specific case here where workers are really going to be hurt, where the background to me was a little bit phoney in terms of the basis on which we allowed the sale of the company. Where those workers are concerned I have no idea what they are going to try to do in this situation, but I know they were very angry at the equipment going out of there on Friday night.

Hon. Mr. Ramsay: Mr. Mackenzie, you will recall that when you raised this question in the House yesterday I committed myself to getting back to you with complete details. That was yesterday afternoon. I had my first meeting here at eight o'clock this morning and I just have not had an opportunity to follow up on your question of yesterday.

I cannot give you any explicit information at this time. I will be preparing it for you at the very earliest opportunity and give you a complete report on it.

Mr. Mackenzie: You are not as yet telling us that they are totally out of luck in this case.

Hon. Mr. Ramsay: I do not know the full details at the moment, Mr. Mackenzie. Our people are looking into it, and I will be meeting with them just as soon as I can get an opportunity to do so.

Mr. Chairman: Any other concerns on this matter?

Mr. Mackenzie: I do not mean this lightly or facetiously, minister, but I was wondering if a decision of another government agency, body, or board yesterday—if I understand it correctly, since I was only getting it from a news broadcast—which is suggesting that we now allow women equality with men in bashing each other on the head with boxing gloves, is a little bit questionable, in view of your refusal to allow equality in wages.

I found it interesting that we have a government ready to move to allow—equality I understand was the issue—women to enter the boxing arena, and yet we are having so much trouble in terms of equality in wages. Was there any input on that decision? I suppose not. Is there any consideration of that in your ministry at all?

Hon. Mr. Ramsay: No; a short answer. I can give you a personal opinion, but I do not think you would necessarily be interested in it.

Mr. Mackenzie: As a matter of fact, I would. At risk of even running afoul of some of the traditional equality arguments from the women's groups, I think the decision is horrible. But then I am not a real supporter of boxing, period.

Hon. Mr. Ramsay: I am in complete concurrence with what you have said. That is my personal feelings on it.

Mr. Mackenzie: I just thought that the minister may oppose whoever was responsible, and presuming they do, any move to equality in wages would respond to that particular question.

I have one other issue I want to raise under the main office vote as well, minister—not at length, but I think it is important.

I am doing it because I failed to make a couple of points in the course of the comments that we made about the construction industry at the outset. Probably the quickest and easiest way to get an answer is in the minister's response to the submission I know he had from the construction trades council on November 15 addressing problems they see arising in the construction industry.

Is that now a matter that is being discussed by your people? I am dealing specifically with the double-breasted unionism, and even more specifically with the maintenance workers.

As an example, I have just received a list of 52 Ontario Hydro linemen with more than 10 years' seniority who were let go with exactly one hour's notice and who of course do not qualify for any protection under employment standards. Better than 10 years' service yet one hour's notice for maintenance people whose seniority goes all the way back to 1959 and up to 1970.

Can the minister tell us if some of the concerns that are raised—and probably raised as a result of some of the briefs from the contractors' association—are concerns that are being considered at this point in time by your ministry office? Do you have any particular comment on these specific concerns?

Hon. Mr. Ramsay: Very definitely they are being addressed as a very important matter, and they have high priority within my ministry.

We set up the Construction Industry Review Board a number of months ago and I have sent to them all of the briefs, letters and so on that I have received. There have been hundreds upon hundreds of letters on both sides of the issue.

The Construction Industry Review Board met on Monday of this week, in fact, and will be meeting again in mid-December. We have not reached any decisions as yet, but it is under extremely active review. I cannot say much more than that at this time.

Mr. Mackenzie: I have had a series of meetings with 15 or 20 of the building trades people—also a new event in terms of our contacts with them, which have not always been the best—at which they raised a number of specific questions in this field.

2:20 p.m.

To save time I am simply referring to the positions taken generally in their brief, which I do not find it difficult to go along with. I know the pressure which is coming from the other side, having been asked for meetings myself by the contractors, and it makes me wonder if we are going to see a backdown on some of the things that have been achieved in the construction union field.

Hon. Mr. Ramsay: We have had meetings with the provincial trades council. Just last week they presented that brief to us. We have had meetings with other union groups and management groups. The matter is, as I said, under extensive review and deliberations are ongoing.

I am sure you are aware of this, but just for the record, the Construction Industry Review Board

has equal representation from labour and management.

Mr. Mackenzie: I understand there are a few problems as well, minister.

I had an interesting summary also given to me, of a number of concerns about province-wide bargaining and what has happened. Some of the building trades people make the point that provincial bargaining has not standardized the hours of work, either by trade or by industry. It is something they had hoped for.

Provincial bargaining has not standardized the statutory holidays, either by trade or by industry. I think they are legitimate questions to ask as a result of having gone into the province-wide bargaining.

Provincial bargaining has not stopped the leap-frogging of wages between trades, only locals. With the voting structure each building trade has established it could end up on strike and picketing against an agreement which the local board is in favour of and working on an agreement that is inferior to the local area because it was voted for across the province.

This is a union problem basically, and they admit it. It certainly points out one of the problems you have.

I constantly hear raised the question of provincial bargaining and the cost to local unions commuting to Toronto for purposes of negotiation.

There have been serious problems with selective picketing during the last round of negotiations—picketing in one area and working in another.

The contractors are increasingly refusing to negotiate local issues which are pertinent to various area conditions. We knew this would be one of the problems all along, but certainly it is an issue that they are raising.

A number of them pointed out very clearly that in terms of standardization of hours, you have 40 in Sarnia, 37½ in Toronto.

What concerns, if any, has the ministry in terms of these questions that are being raised by the building trades?

Hon. Mr. Ramsay: Mr. Mackenzie, when the Construction Industry Review Board was re-established—and I will admit it took a little longer than I had hoped to get it re-established, in trying to get agreement from the various representatives—we did not have the primary problem in front of us that we have now, about double-breasting, and we were hoping that the review board would address many of those items that you have brought forward today.

Instead, I am afraid their time has been monopolized by the primary problem I have outlined. All of those things are matters which I hope eventually will be addressed by the review board.

Mr. Mackenzie: Near the top of their list, and it was one of their specific resolutions—I know you were down at Sarnia, minister—are the changes that the employers seem to be seeking, the right for a company under legislation to go double-breasted, the right to restrict legal picketing, or to control the voting system. Are we facing a danger at all that the ministry might weaken what protection we have in these areas?

Hon. Mr. Ramsay: You indicated I was in Sarnia. You have probably seen a copy of my remarks at that time. If you have not, I would be pleased to get you a copy.

Mr. Mackenzie: I was told roughly what you had said. I have not seen a copy of your remarks. It would be interesting to read.

Hon. Mr. Ramsay: Yes, I will send it to you. I think that might answer your concerns.

Mr. Chairman: Is there any further—

Mr. Mackenzie: One specific question also in the same field.

One of the things that a number of the building trades reps in the Hamilton area raised with us was the renewal of licences for the tradesmen every two years. They made the point, and I was not aware of this, that in the enforcement branch we have an impossible situation in that there is only one staff person—a Joe Ben, whom I do not know—involved in the enforcement of the licensing of tradesmen.

Can you tell me what the score is on that situation, if that is a legitimate complaint? It was certainly raised by a large number of the building trades people.

Hon. Mr. Ramsay: I would like Mr. Armstrong to speak to that.

Mr. Armstrong: That would be in the Apprenticeship and Tradesmen's Qualification Act, and that is now under the Ministry of Colleges and Universities. We can certainly make inquiries. I have not heard that criticism made about that particular branch.

Mr. Mackenzie: I would suspect that, out of the 18 who were listed at the last meeting we had, about five of them raised it with me. I did not realize that it was not under your jurisdiction, but I would like to know if that is a problem that is developing there.

Mr. Armstrong: We can pursue that and let you know.

Mr. Chairman: Anything further under main office?

Mr. Mancini: Youth employment would be under the main office.

Mr. Chairman: Youth employment?

Mr. Mancini: Yes.

Mr. Chairman: Labour relations practice and employment opportunities is under main office.

Mr. Armstrong: We have Dr. Wolfson here, he could speak to that.

Mr. Chairman: So it is under main office?

Mr. Mancini: Yes.

Mr. Chairman: What is your name and your position, please?

Dr. Wolfson: Dr. Alan Wolfson, chairman of the Ontario Manpower Commission.

Mr. Chairman: Thank you. Mr. Mancini?

Mr. Mancini: Are we doing the Ontario Manpower Commission now?

Mr. Chairman: You were talking about employment opportunities.

Mr. Mancini: Yes, youth employment. As a matter of fact, one of the reasons I was late for this committee was that I was getting a briefing on the Ontario Manpower Commission, so I might have some questions a little later. I have some good questions, Mr. Chairman.

I want to go back to—

Mr. Mackenzie: Perhaps I could ask a question before you do that.

Mr. Mancini: Sure, go ahead.

Mr. Mackenzie: Are we switching from vote 2301?

Mr. Chairman: No. We are still on 2301, item 1.

Mr. Mackenzie: Okay. That is all; I wanted to be sure.

Mr. Mancini: The minister made some reference this morning concerning a program outlined by the Ontario Liberal Party, as it may affect youth employment.

The minister stated, if my recollection is correct—I do not have a text of his remarks, but the minister is here to correct me if I am wrong—that he felt our program was expensive, and he felt that some of the things we offered in the program were already being offered by programs offered at the present time by the government of Ontario.

I see we have the privilege of having the

former parliamentary assistant responsible for youth employment—

Mr. Gillies: The youth secretariat. It is only part of it.

Mr. Mancini: —responsible for the youth secretariat, so I think his presence is going to add something to the debate.

I have come to the conclusion that possibly the minister is not as familiar with—or his staff did not brief him as adequately as maybe they should have on our youth employment program. I would like to refer to the program first so that it is on the record and we all understand exactly what we are talking about.

The program—the thoughtful, well-researched and well-documented program—that was presented to the people of Ontario in regard to creating jobs for our youth should be explained here in detail, and I would like to take a few moments to outline exactly what the program involves so that we all know what we are talking about.

First of all, it would allow participants with the following qualifications: first, that the individual had to be anywhere from 18 to 24 years of age inclusive; out of work for 20 weeks or more; and willing to work hard and commit himself to educational upgrading and life-skills counselling.

2:30 p.m.

The qualifications for employers would be: any public sector organization; the fact that no current employees could be displaced; and the willingness of the employer to provide participant evaluations. The employer would have to provide productive work, preferably with some training aspect. The minimum requirement for employment would be at least three weeks.

The wages for the program would be the minimum wage for all participants, plus basic benefits; and 36 hours per week, plus four hours of employment counselling.

The program would insist on an educational upgrading requirement. This means we would require participants to spend six hours per week of their own time, without pay, upgrading other skills. We are talking about literacy and numeracy upgrading, working towards a high school diploma equivalency and/or specific skills training. We have found that all of this can be done through the local boards of education and/or community colleges. The program would pay for any incidental expenses and/or tuition.

The counselling program, which I talked about a minute ago, would require four hours per week and emphasize practical skills, job-

search techniques, job-interview practice and résumé preparation. Skills and aptitude tests would be conducted and an actual search for post-program employment or further skills-training opportunities would be done with the particular clients.

I noted that the minister had some criticism about us not involving the private sector. Well, the program we presented did not call for private sector involvement, Mr. Chairman.

We saw typical employers as the provincial parks, conservation authorities, hospitals, clinics and nursing homes as operated under the two acts by the province—the Homes for the Aged and Rest Homes Act and the other one—libraries, schools, day care centres, and community-based organizations including home care services, volunteer organizations, public interest groups, and legal clinics. We could list many more.

The types of employment we foresaw for the youth who would be able to take advantage of this program would be home care services, clerical and cataloguing work, assistance to teachers and nurses, outreach assistance to the elderly and handicapped, grounds-keeping, general maintenance, rehabilitation of historical buildings, etc. In a few moments, I will point out where other employment is available that could be added to the short list I have mentioned.

We would request that applications be maintained at Canada Employment centres, youth counselling services, labour councils and school guidance offices. Applications for the program could be also obtained directly by mail or by phoning the program office. It would be administered by the Ontario youth secretariat. In that way we would avoid creating and building a new bureaucracy.

Hon. Mr. Ramsay: A point of order, Mr. Chairman.

Mr. Chairman: Yes, minister?

Hon. Mr. Ramsay: Mr. Gillies is no longer involved with the youth secretariat. He is now the parliamentary assistant to the Minister of Labour and doing a really outstanding job in that respect.

Mr. Mancini: I do not comment on the last remark, minister. I just think it is nice to have him here, because he was involved with the youth secretariat.

Mr. McKessock: Could I get a clarification from the minister, since we are talking about the Liberal program for jobs?

The minister has stated that it would be an

expensive program. Mr. Mancini has just stated that it would be based on the minimum wage, so I wonder what you mean by saying it would be an expensive program.

Hon. Mr. Ramsay: I think we took the estimated cost of the program and the number of participants in it, and it worked out to a pretty high cost per person.

Mr. McKessock: If we want to get rid of unemployment, do you not figure that the least cost is the minimum wage? How could you get a program that is cheaper than paying the minimum wage to the unemployed?

Mr. Gillies: Could I suggest that we might be talking about apples and oranges here? Remo, you are talking about your task force report, are you not?

Mr. Mancini: We are talking about a document that was presented that includes a program for youth employment. The document outlines all the things I have been talking about for the past 10 minutes. It outlines who would be able to take advantage of the program, who the employers would be, what the type of work would be and where applications would be located, etc.

Mr. Gillies: No, I appreciate that, but are you talking about the most recent program announced by your leader or about the program that came out of your task force report last year?

Mr. McKessock: The most recent one.

Mr. Gillies: The most recent one, okay.

Mr. Chairman: Just continue.

Mr. McKessock: I would like to—

Mr. Chairman: If you want to get on the agenda, I will have you after Mr. Mancini. You are interrupting your own colleague.

Mr. McKessock: I do not think he minds; it ties right in with what he was saying.

Mr. Chairman: Maybe someone else minds, so we will just continue in an orderly fashion and let him continue with his presentation. If you have some questions afterwards—

Mr. McKessock: Before he finishes with this part.

Mr. Mancini: Just continuing along so that we all understand the program, we estimated that in 1982 approximately 28,000 people would qualify for our program. Based on experience, the participation rate would likely reach 50 per cent of the 28,000, so we assumed that a minimum of 14,000 people would be involved in the program.

Assuming that 50 per cent participated, the potential costs at the current minimum wage rate, which the minister seems to find somewhat overbearing, and assuming government administrative and sundry costs, which the government of Ontario never makes public when they announce a program—we are never told what administrative and sundry costs are—we put a figure of \$139 million on that. This assumes that all participants will stay in for one full year.

Further, we state that the best estimates for the total costs would be realistically in the \$90 million to \$110 million range.

Having quickly and basically outlined in point form the program we are talking about, I want to—maybe I will differentiate our program with the government programs—

Mr. McKessock: Mr. Chairman, before we leave that program, can I ask my question?

Mr. Chairman: We have Dr. Wolfson here to answer any questions.

Mr. Mancini: I am only 10 per cent through my presentation.

Mr. Chairman: I think you should continue and finish it and you can get your question in then.

Mr. Mancini: Do not worry about it, we will get you in.

Mr. McKessock: Before we finish that Liberal program; I do not want to bounce back and forth on new issues, I would like to have it cleared up at the same time.

Mr. Chairman: I think if you have a supplementary I will accept it.

Mr. McKessock: My supplementary is: what did the minister mean that it was an expensive program when it was based on minimum wage?

Hon. Mr. Ramsay: I am going to let you talk to Dr. Wolfson and stand on my answer, but we took your figure of \$139 million and the 14,000 jobs that were going to be created by that program. It would appear—and I think I used those terms—less efficient than existing programs. Contributions by the private sector are obviously not as generous as they are in the present programs that the government—

Mr. McKessock: The private sector is not in on this program.

Hon. Mr. Ramsay: As I said, of the provincial programs that we are presently running, the private sector is involved in some of them and that reduces our costs. Dr. Wolfson can expand on it.

Dr. Wolfson: If I might, I think the minister has indicated the basic source of the comparison. The programs that are currently operated by the provincial government have a placement of about 90 per cent within the private sector. For the most part, except for the Ontario career action program, all of the participants in those programs do get paid at least the minimum wage, but the government contribution is not the minimum wage for the most part, it is a wage subsidy.

2:40 p.m.

For example, in the Ontario youth employment program the government contributes \$1.25 an hour towards the wages of participants in those programs—

Mr. Mancini: Excuse me for interrupting here, but I think we are missing the point. It is Dr. Wolfson, right?

Dr. Wolfson: Yes.

Mr. Mancini: We have a crisis in youth unemployment—

Mr. Chairman: I think maybe you should let him continue. You might get the answer.

Mr. Mancini: No, I do not think we are going to get the answer this way, with all due respect, Mr. Chairman.

Mr. Gillies: You are not going to get the answer you want, perhaps.

Mr. Mancini: Okay, if some members feel I am trying to avoid the government putting forth its position, I will let the gentleman carry on.

Mr. Chairman: He was just going to answer.

Dr. Wolfson: I was just trying to address—

Mr. Mancini: If he thinks I am trying to block him from briefing—

Mr. Chairman: No.

Mr. Gillies: I was very interested in hearing Dr. Wolfson's point of view.

Dr. Wolfson: I was just trying to address the issue of comparison of cost per employee. Under the Liberal program that was presented last month the average cost per employee is around \$10,000 per participant. The reason for that is twofold. One, it is at a level of minimum wage subsidy and two, the program extends to each participant for a year.

The government programs are characterized by being in a general subsidy level less than the minimum wage, with the private sector contributing at least as much as the government.

In addition, the length of participation within those programs is less than a year, and what we

have found is that even with the participation rate within the programs of less than a year, there is a remarkably high takeup into permanent employment of people who have participated in those programs and are not returning to school.

Mr. McKessock: The difference I see in the two programs was that the Liberal program was going to give everyone in that age bracket who was unemployed the opportunity of a job, whereas the government programs do not. So of course there is going to be a cost there, but it is at the minimum wage. To me, that seems like a small cost to ensure that all those youths obtain a job.

Mr. Gillies: This is probably out of order, but if I could get some clarification from my friend, Mr. Mancini, how many jobs did you anticipate would be created under the Liberal program?

Mr. McKessock: That is not the issue.

Mr. Gillies: There was a figure attached to it, though.

Mr. McKessock: Those are the apples and oranges that you are talking about.

Mr. Chairman: Order.

Mr. McKessock: Why do we not stick with what the unemployment rate is and figure how we are going to give them all a job?

Mr. Chairman: Order. We are negotiating here on whose policy is the best and whose is not the best. That is not in the estimates. We are dealing with what is contained in your policy and what is contained in the government policy.

Mr. McKessock: That is what I thought we were all trying to do.

Mr. Chairman: I think you are trying to compare one with the other.

Mr. McKessock: No, it was Mr. Gillies who was comparing.

Mr. Chairman: That is right, and we were getting a cross section going here. Mr. Mancini, do you want to continue?

Mr. Mancini: You are a very kind man, Mr. Chairman, a very kind man.

The chairman of the manpower commission did me a bigger favour than I thought he would do. He put it on the record that we are offering young people an opportunity to work for a year and that is why the program, per individual, may be a touch more costly than the programs that are presented by the Conservative government.

Mr. McKessock: Exactly.

Mr. Mancini: We made a list of all your programs. We have listed what they do and I would like to go over them.

We have a crisis in youth unemployment. The situation is at a stage where we need drastic action and our policy addresses that problem in the most realistic, comprehensive and cost-efficient way I have yet seen. If anyone could produce a policy that is better, cheaper, more efficient, and which could serve the same purpose, we would be more than pleased to support such a program.

However, looking under the present programs that are being offered by the government—we look at the winter Experience program; we will start there.

It is directed to out-of-school and unemployed youth and it runs from October to March. There are no educational ties to this particular program. We have out-of-school youths who may not even have finished grade 10. We do not help them or encourage them to get their grade 12 equivalency. We do not help them in their job counselling skills. We do not help them—

Mr. Gillies: I am sorry, but that is just not the case. A good percentage of those winter Experience program jobs are allocated to the youth employment counselling centres that this government sponsors across the province. You have to go through the counselling program to get into a winter Experience job.

Mr. Chairman: If you have some objections to what he is saying, you can keep them, file them, and relay them afterwards.

Mr. Gillies: I am sorry, Mr. Chairman, but when I hear something incorrect I feel impelled to correct it.

Mr. Chairman: Mr. Mancini?

Mr. McKessock: How many jobs are there under that unemployment program?

Mr. Chairman: Mr. Mancini is on the agenda now. If you would just behave yourselves, he will continue and give us an elaborate report.

Mr. Mancini: Contrary to what the member for Brantford (Mr. Gillies) has said, the picture is not rosy. The government has done a terrible job in helping unemployed youths enter the work force.

The other program I will bring to the committee's attention is the Ontario career action program. I have to say that it probably is the best of the whole lot. I will at least say that much. It allows for a maximum of employment for 16

weeks. If you do not get a job after that, you are on your own.

The other Ontario youth employment program is a complete disaster. It supplements wages for young people to the tune of \$1.25 an hour; \$30 million appears to have been allocated for the particular year that we were talking about.

The program is directed at students for summer jobs only. Again, minister, there is no educational tie-in here. The reason I say the program has been a complete disaster—I cannot remember the exact year but it is possibly 1981—is that the money allocated to the program by the government was not even spent.

We have a very severe problem with unemployed youth. We allocate funds to a program and the funds are not even spent. That in my view is a complete disaster and a bureaucratic foul-up.

The summer Experience program—

Mr. McKessock: Could I have clarification on that number?

Mr. Mancini: Bob, if you do not let me finish, we are never going to get out of here.

Mr. McKessock: The money that was not spent. Could the minister clarify that? Has that money not been spent in prior years?

Hon. Mr. Ramsay: Dr. Wolfson has the answer.

Dr. Wolfson: In the last two fiscal years that program has been oversubscribed. I think Mr. Mancini is referring to a—

Mr. Mancini: Maybe it has been oversubscribed because we were concerned about why you were not spending the money.

Dr. Wolfson: The budgets were increased, but in addition to that the program was oversubscribed. Employers in the field found a need to tap that fund to sustain levels of employment within their small business operations. That is where the program is tied in.

Mr. Mancini: There is no denying the fact that the program, up until recently, has not been handled properly.

There were moneys allocated which were not spent. If that is not a bureaucratic foul-up—which ultimately is the responsibility of the minister, unfortunately, Russ—then I do not know what is.

The last program—

Hon. Mr. Ramsay: Excuse me, time out.

Mr. Mancini: Sorry, it is the wrong expression.

Mr. Gillies: You look rather benign.

Mr. McKessock: You are not on a radio station now.

Hon. Mr. Ramsay: No one interrupted anyone else that much.

I would not want the record to show that the money has been undersubscribed. That is not so. In the last two years every bit of money that has been allocated to the program has been spent. You are saying that is not so.

Mr. Mancini: The point I was making, minister, was that the program was being bungled until it was brought to the attention of the government that it was being bungled. I know, because budgets run over one another and because of the way we handle our fiscal years, that once the government was made aware of this someone got off his can and oversubscribed the program.

We are not complaining about that. We are just bringing to the attention of the committee that we have a serious problem with youth unemployment. One of the major programs your government proposed was bungled at that time.

Certainly, we will agree with you that at the present time the money is being spent and the program is oversubscribed.

Hon. Mr. Ramsay: Dr. Wolfson may be able to clarify.

2:50 p.m.

Dr. Wolfson: Perhaps I could very briefly comment on this, because I think it is a little complicated.

First of all, that program is not administered by the Ministry of Labour. It is administered by the Ministry of Municipal Affairs and Housing, and I do not think that this ministry can assume responsibility for administrative bungling, if such did occur. In my view it has not occurred.

The program is characterized—

Mr. Mancini: Excuse me for interrupting, but what do you call a program that is allocated for youth employment that does not spend its money?

Dr. Wolfson: If you will allow me, Mr. Mancini, the program operates by responding to tens of thousands of individual employers in the field who apply to hire students or nonstudents during the summer months, and they are given approval to make those commitments.

On the other hand, it is not until well after the fact that the government gets an accounting of how many weeks were subsidized under the program, so the allocation process anticipates a certain rate of take-up in the field, and a certain

rate of continuity of participation in the field. It is only after the fact that we can determine whether those forecasts were accurate.

What I am suggesting is, that prior to this last year there were instances where the anticipated take-up was less than had been allocated for, and there were instances where the reverse was the case. It is a rare occasion under the Ontario youth employment program where the budget is dead on. Sometimes it is over, sometimes it is under.

During the past recession the program has been overspent. The programs had to come back to the government to get additional funds to honour commitments made in anticipation of a certain take-up rate.

That was not the case two years ago. I hope it is the case in years to come.

Mr. Mancini: I am not sure what that explanation really proves, because you are talking to someone who knows how the OYE program works.

The way OYEP works is by employers submitting potential jobs. Any program that is done on an estimate such as this, of course, has to overbook. Sometimes they have to overbook by 10 or 20 per cent to make sure the funds are allocated.

I do not think I could find a single member of the Legislature, let alone the Minister of Labour, who would complain that the OYE program was over budget by a few thousand dollars. That is the point we are trying to make.

We have a crisis in youth unemployment, and you are talking about these sometimes being overbooked and sometimes not. That is not the question. In these programs the government must ensure that the money is spent, and if considerable overbooking is one of the ways that the money is spent, then that is what has to be done.

Dr. Wolfson: Mr. Mancini, the program is always overbooked. It is just the extent to which there is slippage that changes from year to year, and its change—

Mr. Mancini: You are supposed to allow for that.

Dr. Wolfson: Well, yes, and if we could predict the future perfectly we—

Mr. Mancini: That is kind of a funny thought from a person who is chairman of the Ontario Manpower Commission. "If we could predict the future."

You are supposed to help to try and mould the future. One way to do that is by predicting

what we think the future will be like. As a matter of fact, one of your main responsibilities is trying to figure out where the job market is going; how many skilled people we are going to need; what new technologies are going to be out there.

Do not give me that bunk about trying to predict the future. You are doing that in your job all the time.

Hon. Mr. Ramsay: Point of order.

Mr. Gillies: How long do we have to listen to this nonsense?

Hon. Mr. Ramsay: Mr. Chairman, I have great personal affection for Mr. Mancini, but if he wants to criticize in that manner, please do it to me. Do not do it to the public servant who is not in a position to answer back.

Mr. Mancini: He is answering back very well, minister, and I do not mind him answering back. He is answering back as openly and freely as I have seen anybody answer back.

Minister, I was asked to direct some questions to Dr. Wolfson. That is what I did. He gave some answers, and I am trying to give my opinion on those answers. He says we cannot predict the future. He is trying to predict the future all the time, sir.

Hon. Mr. Ramsay: When you want to be critical, will you look at me, and when you want to ask a question look at him. How is that? Okay?

Mr. Chairman: And when you want the floor, ask me. Mr. Mancini.

Mr. Mancini: He is chairman of one of the most important commissions that we have. He is highly paid, as was pointed out by the procedural affairs committee.

Hon. Mr. Ramsay: Worth every cent of it.

Mr. Mancini: He is in the kitchen, and he has to take the heat.

Mr. McKessock: It is not all apple pie.

Mr. Mancini: It is not all apple pie.

Anyway, I think we have fairly put on the record the present programs sponsored by the government. I think we have given a fair reflection of what these particular programs are.

When the minister stated earlier that there were no private sector jobs, I guess he was correct. But as I said, the program was not aimed at private sector jobs.

Have you read our—

Dr. Wolfson: Yes, I have. I have it right in front of me.

Mr. Mancini: In order to prove the worthiness of the project, we had to go out and prove that the jobs we said would be available for these young people would in actual fact be there. We chose the city of Peterborough—it seems to be chosen by everyone to run surveys and get consumer views and ideas—as a good place to find out how something would work.

With that in mind, we put together a team to review exactly how the program would be received in Peterborough.

Mr. Chairman: Which program is this?

Mr. Mancini: This is the youth employment program, Mr. Chairman. We have not changed subjects.

I would just like to put on the record some of the things we have found out, by canvassing, surveying, and documenting for all to see and all to read, what would take place in Peterborough, if our youth employment program was put in place. We welcome anything that is better, minister. You have our open support. If you can put Ontario's unemployed youth to work, you have our support.

We went, for example, to one of the hospitals, Peterborough Civic Hospital. The hospital informed us that, if our program was in place, they could use five to eight people, for a minimum of 16 to 20 weeks of work.

What kind of work would they be doing? They would be microfilming, setting up and refiling systems, transferring information and material from one system to another, painting, fire safety, grounds-keeping.

St. Joseph's General Hospital told us that the hospital currently has eight people working with them under the Canada-Ontario employment development program. They will have this program until April 1984—I am assuming it expires at that time—and the hospital could use five additional people for up to one year. The program fits right into the problem.

In the nursing homes, we are informed that Riverview Manor Nursing Home just opened a few months ago, therefore there is not a great need for repair and maintenance, but they could use help on the following projects: two people for general activity work on a year-round basis—two more jobs for one year, under our program; one person to work two days a week doing general maintenance; and one person on a year-round basis for general housekeeping. There are several other nursing homes.

At day care centres, the Happy Hill Day Care Centre could provide eight weeks of employment for one person for the following projects:

classify all items which have been donated to the centre; paint washrooms; restore offices following spring renovation; and upgrade some kitchen facilities.

Centres for the physically and mentally handicapped—just an example from that area. Community service workers from the Ministry of Correctional Services are made available to the facility frequently. They handle the general maintenance tasks. Since the permanent staff here are highly skilled, additional employment could be utilized on general maintenance work. One person could be used four hours every day to perform such tasks as grounds-keeping, etc.

3 p.m.

Volunteer organizations: very important organizations to our province, such as the Canadian Red Cross, which is run almost entirely by volunteers. They currently perform all paperwork duties and maintenance tasks. Also, their facilities were just further redecorated in February 1983. They could use one person on a year-round basis for maintenance.

The Multiple Sclerosis Society—a number of MS branches in other cities operate outreach programs for students from federal summer employment programs. These individuals visit MS victims in their homes and take them out for social activities, shopping, doctors' appointments and other activities. All of those involved feel that a year-round extension of such programs would be beneficial.

We have listed environmental groups, colleges, universities, and schools. We have listed museums, Century Village, the Mackenzie Gallery, Hutchison House. We have the Peterborough Public Library. Mr. Chairman, I could go on for another 20 minutes, but I will not.

Mr. Chairman: You probably will anyway.

Mr. Mancini: I know it is tough for the government members to take, Mr. Chairman. I know it is tough to take when there are 159,000 unemployed young people out there and the government is under criticism for not doing enough. I know that is tough to take.

We also put together a statement as to how the educational upgrading and counselling could take place. For the information of the members of the committee, that will be found on pages 14 and 15 of our document.

We put together a program. We told you what it is going to cost. We told you how it is going to be used. We are telling you it is better than what you have in place now, because we have as facts what is going on now.

Further, we told you where the most severe unemployment was. It appears to be in the Windsor-St. Catharines-Hamilton area and the north. These particular places we pointed out are having an awful time getting new industry. The existing industry is having an awful time creating new jobs.

We have put together a proposal that could help an awful lot of people, give them hope for tomorrow, give them an opportunity to find out what it is like to work, to have dignity, to earn a living and to upgrade themselves. That is what we have done.

I do not know if you want to make any further comments on the program, but as you can see I am a stout defender and a firm believer when it comes to this program we have put forward. I say to you sincerely—in the most sincere way I can—that if you can come up with something better, or nearly as good, Russ, then we are right behind you.

Mr. Chairman: Thank you, Mr. Mancini.

Does that complete any presentations on the main office, 2301, item 1?

Mr. Mancini: Unless the manpower commission comes under the main office.

Mr. Mackenzie: Manpower is not under the main office.

Mr. Mancini: I see. The gentleman was just—

Mr. Mackenzie: Just a moment. I asked a couple of questions concerning the discussions on the building trades, and this will only take a minute. I suppose I could do it under employment standards, but I asked about maintenance employees and used as an example 51 Hydro linemen with more than 10 years' service who were laid off with one hour's notice.

I am not sure if I heard the minister. Other than discussing that with the council, are there any plans or any discussions within your ministry to take a look at this unfairness?

Mr. Armstrong: Perhaps, Mr. Mackenzie, I can speak briefly to that.

You mentioned the Hydro linemen. There was another case you did allude to generally about maintenance workers—

Mr. Mackenzie: Maintenance is the problem area.

Mr. Armstrong: —at a refinery. You may have heard about those as well. That particular problem was raised in the context of clause 2(3)(e), the severance pay provision of the Employment Standards Act. It has been pointed out to us that the section is stated not to

apply—and I am reading selectively here—under clause 2(3)(e) to “an employee . . . engaged in the construction, alteration, maintenance . . . of structures . . . or other works where the employee works at the site thereof.”

The question arises in the construction of that section whether or not, for example, maintenance employees who are maintaining refinery equipment on a day-to-day business really are intended to be excluded by that section.

Mr. Mackenzie: You are right. Maintenance at refineries was the other category. I have also specifically raised the matter of the Hydro linemen.

Mr. Armstrong: The Hydro linemen may well fall into the same category. We have been giving serious consideration to that question. I think we are of the view that the matter deserves adjudication under that section and have determined that it ought to be referred to a referee.

I think you can argue. This would be the argument put forward by those who claim that severance pay should be payable to the employees in question. Within the definition I have just read to you, the act is really talking about construction employees who are actually maintaining, demolishing or altering structures, as opposed to an—

Mr. Mackenzie: Ongoing occupation.

Mr. Armstrong:—ongoing occupation. I think it is the view of the employment standards branch and the legal branch that the case is sufficiently strong to enable the branch to argue that is the proper construction and that they ought not to be disintitled.

Mr. Mackenzie: I would hope that is the way you are moving. I think they should be covered under employment standards generally in some of those classifications.

There is one other point, and it is the last one I have to raise. It is a concern that is also being expressed over the fair wage schedule. I am just wondering if there is any discussion in your office on this matter. I will read you a letter from Stan Quin, business representative of Local 537 of the Sheet Metal Workers' International Association, to Mr. W. A. Thurston, Ministry of Government Services, in which he says:

“At a meeting on Tuesday, June 21, 1983, in your office between yourself, members of your staff and members of the Hamilton and Brantford Building Trades Council, we discussed at length our concerns regarding the provincial fair wage schedule, its implementation and

method of policing the work that was to be bid according to the schedule.

“The committee felt the fair wage schedule was not being complied with and we were not offered any proof by you to the contrary. Once again, I would like to voice my concerns regarding the implementation, or lack, of the provincial wage schedule on provincial government jobs.

“Recently, the Minister of Government Services put out for tender a job entailing repairs and replacement of sheet metal flashings at the Hamilton Psychiatric Hospital.” He gives the job number here. “According to my Southam report and verification from your office in Guelph, the low bid on this project was \$19,885. Upon checking with our local union contractors, I was informed that this bid was less than half of any other submitted bids and the cost of material alone would just about reach this amount.

“I feel that to put our contractors in a better competitive position the provincial fair wage schedule should be strongly enforced, and when considering ridiculously low bids like the above, simple logic should dictate the bid is either in error or is not complying with the schedule.”

That was a specific case he raised with me. He sent me a covering letter with it, stating: “It is my opinion that the schedule has not been complied with as outlined in the tender documents. We can receive no satisfaction from the Ministry of Government Services the rates of pay as outlined in the schedule are being enforced.”

I was surprised to find that concern voiced by a number of people at the meeting as well. I am wondering if there is any discussion over that issue and whether we are backing off from the fair wage consideration in contracts. I notice there have been some federal government moves on this that concern me. I am just wondering what is going on in your office with regard to this matter provincially.

Mr. Armstrong: If I may just speak for a moment on the federal government, I am aware of what you are speaking about there. As a result of a settlement involving the insulators, the federal Minister of Finance seems to have reached the conclusion that the fair wage schedule should not be applied in respect to federal construction projects in Ontario. That matter was, in fact, raised at the construction industry's advisory board last Monday evening.

3:10 p.m.

Both labour and management members of that board are of the view that representation should be made by them, along with representatives of this government, to Ottawa to the effect that the federal government seems to misconstrue the relevance of that settlement to its own restraint program.

In addition, the federal government should reconsider its decision to waive the provisions of the fair wage schedule with respect to its contracts in Ontario. We indicated to the board we were prepared to join them in those representations.

In respect to the particular matter you raised which deals with our fair wage schedule, it is a Ministry of Government Services contract. I am not familiar with the details of that, but John Scott is here. I am certainly not aware of any policy decision not to see the fair wage schedule fully and properly enforced—quite the contrary. If you would share with us the details of that particular project, we will pursue it and see what is involved.

Mr. Mackenzie: I am pleased to hear that. I was hoping that would not see yet another situation that could lead to a lowering of the wage levels in Ontario. It has been enough of a concern.

I guess we are just about ready—at least I presume we are—to vote on the ministry administration vote. The increase this year is—what? Approximately what would you call that? My arithmetic is failing me. I am just wondering if you had worked out a percentage on all of these entries. I have not done it and I was curious.

Mr. Armstrong: The deputy's office falls within that vote and you can be sure that it is the smallest increase of the various items to be voted.

Mr. Chairman: Mr. Mackenzie, it is an estimate, so it could be low, yes.

Item 1 agreed to.

Items 2 and 3 agreed to.

On item 4, personnel services:

Mr. Mackenzie: Why the reduction there? What are we looking at in terms of the fact that you have actually reduced?

Mr. Armstrong: It may have to do with the Experience program, but Mrs. Burak will be able to answer that.

Mr. Chairman: Thank you. Is that clarified, Mr. Mackenzie?

Mr. Mackenzie: Not as yet. I may not be quick, but I am quicker than that.

Mr. Chairman: I thought one look and that would satisfy you.

Mrs. Burak: Are you questioning the personnel services?

Mr. Mackenzie: Yes. Why are we showing a \$103,000 reduction from last year?

Mrs. Burak: The reduction is primarily due to internal government constraints. We had centrally budgeted certain funds in the previous fiscal year and, because there was a reduction, we dispersed what was left among all of the other votes in this fiscal year so that the reduction showed up in personnel services.

Mr. Mackenzie: Was it a reduction in staff or just—

Mrs. Burak: As I see it, it was partly in direct operating expenses, so it would have been in things like publications and supplies and equipment. Quite a bit also would have been in salaries and wages, probably related to temporary help.

Mr. Mackenzie: Restraint program or temporary help.

Mr. Chairman: Good enough for you, Mr. Mackenzie? Thank you.

Item 4 agreed to.

On item 5, information services:

Mr. Mancini: Is that another word for advertising?

Mr. Mackenzie: That is the one area where you were well above 10 per cent. We have all noted in the House the—

Mr. Chairman: No. It is salaries and wages, employee benefits, transportation and communication, services and supplies and equipment.

Mr. Mancini: Is communication services another term for advertising?

Mr. Armstrong: No. That is the communications branch of the ministry. They are involved in media inquiries. Mrs. Burak is responsible for that branch and can describe in more detail its activities. They are responsible, for example, for our staff training programs.

Mrs. Burak: That is correct. The only increase in that branch this year was not for advertising. In fact, the advertising budget was reduced, but we did put a bit of money in there for research.

Mr. Mancini: That is because Russ is not involved in the leadership campaign.

Mr. Chairman: Does that verify it for you, Mr. Mancini?

Mr. Mancini: Yes, it does, thank you.

Item 5 agreed to.

On item 6, analysis and planning:

Mr. Mackenzie: Just a second. That does raise some concern. I suppose it would come under analysis and planning. What are we doing in terms of taking a look at shorter hours, a shorter work week? Is it legitimate just to throw up a cost of \$11 billion to \$14 billion as a reason why we cannot do some serious looking at what we are facing in employment and distribution of work in Ontario?

I do not recall getting a specific answer to that. Is there within your office any group that is trying to take a good hard look at what the real cost and ramifications would be of something as basic as a reduced work week in Ontario?

Hon. Mr. Ramsay: There is nothing going on at the present within my office. I would ask Mr. Ignatieff. If there is anything going on elsewhere in the ministry, I am not aware of it.

Mr. Ignatieff: No, there has not been any specific research undertaken on the cost of a reduced work week, no survey type of activity. We monitor that kind of development and review literature on an ongoing basis, but we have not been doing any surveys, for example, in that area.

Mr. Mackenzie: Would the minister not feel there is at least some merit in starting to direct the ministry, or does he feel it more properly comes under another ministry? Obviously, this ministry has some role to play in it, or is the position of the Ministry of Labour that this is not one of the routes we have to take a serious look at in terms of the future of employment in this province?

It would seem to me, were I in your shoes, there would be a pretty high priority on analysis and planning as to just exactly where we were going to be going in terms of jobs in this province. I was wondering if you have a comment on that before we leave this vote.

Hon. Mr. Ramsay: I certainly have noted your concern, and we will give every consideration to taking a more detailed look at that. You talk about priorities within our ministry. It seems we have a fresh priority every day. We are more inclined perhaps to deal with those confronting us rather than with those that are laid

back a bit. We will certainly give consideration to taking a look at this.

3:20 p.m.

Mr. Mackenzie: I understand exactly what you are saying. We all react to the immediate situation, but I am not sure you can afford any longer not to start taking a serious look at this unless you have some other, better alternative.

Hon. Mr. Ramsay: I do not disagree with what you are saying, Mr. Mackenzie.

Mr. Harris: Are you talking about job sharing or are you talking about decreasing productivity or—

Mr. Mackenzie: Job sharing is a symptom, or one of the Band-Aid measures that have come into use, as a result of the problems we have.

I am talking about the issue I discussed at some length. What the ministry used as an excuse for not moving into a shorter work week or seriously looking at it a year ago in the estimates, namely, that it would cost X billions of dollars, is not necessarily the accurate and only way to look at it. We had better take a look at what it is going to cost us. With the growing mechanization of our ability to do work in this province, we had better take a look at things like the shorter work week and whether or not that is not some of the answer to putting people to work.

Mr. Harris: Is that for the same rate of pay, I presume? Is that what you mean?

Mr. Mackenzie: I would think that is probably a legitimate response, although there may be some small lowering. I happened to notice that when we went from the 48-hour to the 40-hour work week, if you look at the charts, initially there was a very tiny reduction in pay.

Mr. Chairman: Is there anything further on item 6, analysis and planning?

Item 6 agreed to.

Items 7 and 8 agreed to.

On item 9, systems development services:

Mr. Mackenzie: Just before we leave that item, it is also an area I noticed where you have a substantial reduction. Can you tell me what that pertains to?

Mrs. Burak: Systems, Mr. Mackenzie?

Mr. Mackenzie: Yes.

Mrs. Burak: The reduction there was related to internal government constraints. In the past we had budgeted centrally for the actual cost of data processing done at the Queen's Park computing branch. Again, we had a reduction in that

and dispersed what was left among all the programs.

Mr. Mackenzie: Why would there be a reduction in the data—

Mrs. Burak: Overall within the ministry there may not be at the end of the year. The systems branch used to pay for that from within its own budget, but because we, too, had constraints, we had to get into a user-pay—

Mr. Mackenzie: What you are saying is that previously you paid a percentage or a chunk of the total cost. You would not necessarily do it based on the actual work you had done.

Mrs. Burak: We essentially paid the total cost for all the different branches, and now the different branches are going to be paying for the actual cost.

Item 9 agreed to.

Vote 2301 agreed to.

On vote 2302, industrial relations program; item 1, program administration:

Mr. Mancini: I am assuming that the industrial relations program, in the way it was recorded here in our briefing material, mainly deals with conciliation and mediation services.

Mr. Chairman: Collective bargaining relations.

Mr. Mancini: Yes. Just on that particular point—the conciliation and the mediation services—I think I should say that the personal experience I have had is that the quality of personnel in that department is pretty good. It is pretty top-notch.

Hon. Mr. Ramsay: You had better believe it. That is certainly the way I feel.

Mr. Chairman: We will deal with item 1, program administration. Are there any questions on that?

Mr. Mackenzie: I am just wondering if the deputy responsible for the industrial relations scene has any particular comments about the continuing problems and concerns over the role that third-party intervention—security firms or even the police—have in labour disputes, and if there is anything in particular that is being done or even a response to the one or two very mild suggestions we have made on this matter?

Mr. Chairman: Mr. Pathe?

Mr. Pathe: I am not involved in any discussions at the present time with any of the police authorities on those matters. Of course I am concerned with anything which makes disputes more difficult to resolve. In more recent times, from our perspective at least we have not had a

high incidence of anything to do with our involvement in that kind of dispute.

A recent one in the Toronto area was Central Precision, where there was not only quite a bit of police involvement but also the Securicor firm. In that case the company dispensed with the services of Securicor before the strike was settled.

Mr. Mackenzie: But only after all the publicity of the decision at Automotive Hardware. It is very significant that that is when they moved.

Mr. Pathe: I think that decision might even have been related to the decision at Automotive Hardware. The dispute was much easier to deal with after they were out of the picture, there is no question about that.

Mr. Mackenzie: That is the point we have been trying to make for a long time.

Mr. Pathe: We are hopeful that the most recent amendment to the Labour Relations Act will curtail that kind of activity by security firms. I think it will. I think it is significant that we have not to my knowledge had that kind of involvement by Securicor or any like firm in a dispute since the bill became law.

Mr. Mackenzie: Can I raise with you then whether or not your section of the ministry was involved in the concerns of the Polysar workers? Do you think it was either justified or useful in terms of collective bargaining to have over 800—I know some 740—recorded visits by the police to a picket line? That certainly caused some anger and concern to the workers on that picket line in Cambridge.

Mr. Pathe: I should say that the only information I received about police activity at Polysar was information I received from you on the telephone. I did not get it from the union, certainly not from the employer, or from the mediator involved. It was not something that was a major factor in getting a settlement at Polysar; otherwise I am sure I would have heard about it.

Mr. Mackenzie: There was a surprising number of newspaper articles on it and certainly some considerable coverage of the appearance of the union before the regional council as they tried to get it stopped early in the strike. I am a little surprised that did not get passed on to your office.

Mr. Pathe: I must admit I was not aware of that.

Mr. Mackenzie: Were you aware of the

problems we raised over the provincial police in the Shaw-Almex Industries situation?

Mr. Pathe: No. I am aware of the very difficult dispute at Shaw-Almex. I am not aware of the police involvement.

Mr. Mackenzie: It caused some concern. Some of the comments which they themselves have now tried to correct have left a very nasty taste in some of the people's mouths.

What will finally happen with the judgement issued against Securicor as a result of the Automotive Hardware strike? If, as we suspect, this firm is going to end up nothing but a shell, where do we stand and what does that do to the perception of due process in negotiations and a decision such as that? Maybe I am worrying prematurely, but I can tell you I am concerned.

Mr. Pathe: I am not sure I understand the question. I am aware of the discussions going on concerning Securicor. We are simply not involved in any way—you would not expect that we would be—in whether or not the steelworkers are successful in getting the amounts of money awarded by the Ontario Labour Relations Board.

Mr. Mackenzie: Just to be clear: the context I want to put it in is that when a major case such as this is won, it is usually given by the minister as an example of the fact that the processes can work, however much bitterness may have been engendered along the way. If we end up in this case with it not working because of some of the machinations of the people involved, it does not add to the perception and view of the normal due process.

Mr. Pathe: I suppose it depends on what you mean by it not working. If there has to be an organization from which the steelworkers can receive their damages awarded for it to work, I suppose that is one measurement. I was speaking to some representatives of the steelworkers just a week or so ago and they indicated that if it means Securicor has disappeared from the area of labour disputes, that also may be a victory and not a bad result and one they would not be all that unhappy with.

3:30 p.m.

Mr. Mackenzie: I want to make it clear that I am not putting it strictly in terms of the steelworkers or just the award. I am inclined to agree, although I think the example should be set. But I am really concerned that we are not going to see a disappearance; instead, we are going to see a re-emergence under other names and maybe a little more finesse for a time.

Mr. Pathe: I would hope that if there were a reappearance under whatever name, our new piece of legislation would catch that and prevent it. I think the very least the legislation will do is discourage new firms from being set up, even successors to Securicor. I really do think that piece of legislation has the potential to make it very difficult, and probably impossible, for them to operate in the way they have operated in the past.

Mr. Mackenzie: I wish I shared your strong feelings on that.

Mr. Pathe: Time will tell, but I would think the board would deal quite firmly with cases in violation of that section.

Mr. Mackenzie: Another issue that is getting raised with me is the cost of arbitrators. I can recall, going back two or three sets of estimates now, when we hoped we were going to have a panel in place at a set rate, from an early stage and all the rest of it, but that has never really happened. I have looked at a couple at \$650, \$750 and \$800 recently. They are not as high as they used to be, but there seems to be a growing concern among many over the charges. Is this being in any way looked at or monitored, or is there any plan?

Mr. Pathe: No doubt there is a concern about the fees charged by some what might be called mainstream arbitrators. There is no question about that; we are receiving complaints. It was the topic of several meetings of the minister's advisory committee on arbitration.

That committee was unable to arrive at a consensus on whether there should be out-and-out absolute fee regulations for arbitrators. But there was a consensus—the minister has been advised of this and we are working on the matter—that at the very least there should be a mechanism for dealing with disputed accounts—accounts where one or both sides are unhappy with the account submitted by the arbitrator. That is currently under very serious consideration and is being worked upon.

If I may venture this view, the whole matter of arbitrators' fees is not made any easier by the fact that the most expensive arbitrators are, by far, the busiest. If you want to get one of those arbitrators, they are there still. Despite the expedited arbitration procedure, despite the fact that 65 per cent of those are settled without arbitration and despite the fact that through the training program we have introduced something like 20-odd new arbitrators to the field, those arbitrators who charge the highest fees

are now booking well into 1984 in terms of available dates.

Mr. Mancini: What are some of those fees?

Mr. Pathe: I would venture that, for the one day of hearing and the award, they are getting as much as \$1,200 and \$1,300.

Mr. Chairman: Who pays that?

Mr. Pathe: The parties pay it equally; it is divided equally between the company and the union.

Mr. Mackenzie: It is three or four years since the big fuss over this, as you well know, and it is almost right back up to the levels that caused some of the real problems in the first place.

Mr. Pathe: As I say, Mr. Mackenzie, the difficulty is that a number of things complicate it. One is that the parties pay. When we talk to arbitrators and others about fees, they say the parties, including trade unions, are paying that much a day and more for counsel. The more expensive arbitrators are as busy as ever. They are in very high demand. We cannot get them into the expeditious procedure because they are not available. It is tough to make the case, it seems to me, that they are too expensive when there are alternatives. Yet they are still the busiest arbitrators in the province.

Mr. Mancini: What are the alternatives?

Mr. Pathe: One alternative is to use some of the newer arbitrators who have been introduced to the field through the training program and who are charging at least a third less and sometimes more.

Another alternative is to come in under expedited arbitration, which either party to the collective agreement has the opportunity to do. In 65 per cent of those cases, it is settled at the grievance settlement officer stage. That is where we send out an officer and he or she mediates a settlement. In those cases there is no cost to the parties, no charge for the services of the officer.

That case load has increased dramatically. We are doing about 2,000 to 2,500 cases a year of that type.

Mr. Mancini: I think the minister made mention of that in his opening remarks. I thought that program was being quite well received. It is a surprise to me that someone would be willing to pay \$1,200 a day, when I assume he can get a person equally well qualified to do it for nothing. There must be some reasons for that.

Mr. Pathe: It is arguable whether they are as well qualified. Presumably what is going on is

that when labour and management have a very complex and difficult grievance and there is a fair amount at stake, they like to choose their arbitrator. They really do not care whether he charges \$500 or \$1,500 if they can get the person they want. They will wait. They are waiting now until April and May of 1984 to have arbitration cases heard and paying those fees when there are alternatives.

The point I am making is that the advocates of fee regulation run into that difficulty.

Mr. Mackenzie: I am glad you recognize it is a serious problem that is not going to be resolved by ignoring it, because they are in fact paying that. The same thing applies to some extent in the medical field, where people want an opted-out specialist; it is one of the reasons we have difficulties with opting out.

It seems to me that before we get into another real confrontation in this matter, which could be down the road, you should be looking at some answers to it. I give full marks to the arbitration procedure. I think it is one of the best things you have come up with, but I see the problem growing. It is now starting to come into my office on a regular basis; so I am presuming, as you said, you are getting it as well.

I do not care how good they think they are: I have difficulty accepting the kinds of charges we are getting from some of the arbitrators. Also, as you know, it prevents a poor union and makes it much more difficult—

Mr. Pathe: A poor union now, Mr. Mackenzie, with great respect, has an alternative; that is, to come in under expedited arbitration. There is a 65 per cent chance that as soon as it makes the application, there will be no cost. If that does not work, there is still the possibility that there will be arbitration but it will be at lower cost.

Let me make this point. I want to be argumentative. If there were to be fee regulation, one of the things we have wrestled with in considering it is the very strong argument that a large number of those very acceptable arbitrators in that arbitration community, whom not just management try to find but also unions, would not be available. They would go into other fields, and we would have more heat.

Mr. Mackenzie: They might move to the USA.

Mr. Harris: They don't have to move to the USA to get these fees.

Mr. Pathe: But that is one of the difficulties.

Mr. Mackenzie: You know as well as I do, Mr. Pathe, the problem with that. If you have a

difficult situation that may involve a firing and the people who are involved are smart enough to know the procedures and to know what it is all about, you are going to have an argument over whether you go for what they see as the best deal. That makes it difficult both for the workers and for the union representative side, whether they are going to try to cover those kind of costs. I do not think you can ignore this whole problem. You have to take a look at it.

Mr. Pathe: I am all for looking at it. We are continuing to look at it.

Mr. Mackenzie: That is my problem. When this minister is looking at something, the look seems never to end.

3:40 p.m.

Mr. Chairman: Okay. We are dealing with program administration. Is there anything further on item 1? We have dealt with conciliation and mediation services and the office of arbitration. Can we deal with 2302 vote, item 1, program administration? We have gone past that, but let us back up and do—

Mr. Mackenzie: Vote 2301 is withdrawn?

Mr. Chairman: Yes.

Mr. Mackenzie: Yes. No argument.

Item 1 agreed to.

On item 2, conciliation and mediation services:

Mr. Mackenzie: That is really what we were discussing, and I notice there there is almost no change in the budget for the coming year. Unless my information is wrong, we are facing a fairly heavy year of bargaining. Are we going to see more reliance on the higher arbitrators' fees? What is the answer for this stand-pat position?

Mr. Pathe: The budget for the conciliation and mediation services has nothing to do with and has no relation whatsoever to high arbitrators' fees. The budget there is almost exclusively for full-time mediators.

Mr. Mackenzie: What about the expedited arbitrators?

Mr. Pathe: We do not pay them. They are paid by the parties.

Mr. Martel: With five per cent you have no problems. It is settled before it starts.

Mr. Mackenzie: My colleague could have made a valid point. I am wondering, in terms of the fees the arbitrators are allowed to charge, whether the ministry has taken a look at limiting any fee increases of the arbitrators to five per cent?

Mr. Chairman: That is item 3, Mr. Mackenzie. We want to deal with item 2. Are there any further questions on item 2, conciliation and mediation services? None.

Item 2 agreed to.

On item 3, office of arbitration:

Mr. Mackenzie: What is wrong, seriously, with that suggestion?

Mr. Pathe: I do not think there is very much wrong with it. It would fall far short of what those advocating fee regulation are calling for.

Mr. Mackenzie: I will admit right off the bat that I think there should be a reduction in some of the fees that have been charged. But they are going up; you see the pattern when you start getting the unions calling and sending in some of the bills.

In many cases I guess they can always argue that there was a little different amount of work they had to do on an individual case, but some of the increases I have seen from case to case over a period of two or three months are one hell of a lot more than five per cent.

Mr. Harris: Granted. They reclassified themselves. They are not charging more; they just moved up a class, did they not?

Mr. Mackenzie: I wish it were that easy to reclassify hospital workers or some other employees in government. It is not. I say seriously that if you are going to put pressure behind the restraint program, why is that not one of the avenues in looking at this problem? Is the ministry prepared to issue some? Or does that then run the risk you have raised, of losing these best arbitrators?

Mr. Pathe: I do not know how great that risk is. Those who oppose fee regulation advance that argument, and they are not only on the employers' side. There are some people heavily involved in the arbitration process on the union side who will not use expedited arbitration because they think the quality is not as good as on the other side, and they do express some concern about that.

Mr. Mancini: Is that your view of the situation?

Mr. Pathe: No. My view of the situation is that, essentially, grievance arbitration is the final step in the grievance procedure, and people with intelligence and a good knowledge of the industrial relations system can do justice to both sides in resolving those disputes. However, my views are not all that important out there. It is those who have grievances to defend whose views are important.

Mr. Mancini: It still makes no sense to pay someone \$1,200 a day when you can get it done for nothing, if the quality of the personnel is similar.

Mr. Armstrong: It is not a question of getting it done for nothing. It is only nothing if you do not go to arbitration under the expedited arbitrator. If you go to a hearing with the expedited arbitrator, you are paying perhaps not as much as the heavy hitters but, I think you said, two thirds, three quarters or something.

Mr. Pathe: At least you have a 65 per cent chance that it will settle.

Mr. Chairman: Anything further, Mr. Mackenzie?

Mr. Mackenzie: I presume I know the answer before I ask the question, but there are those of us who have thought that there is some merit in having a fixed salary for the medical profession. What discussions have ever gone on in terms of a panel of the better arbitrators at a fixed salary?

Mr. Pathe: That was certainly one of the options that was considered seriously prior to deciding on the expedited arbitration route. It was advocated by some trade unions that the system should sort of be nationalized and arbitration—

Mr. Samis: Do you have to use that word?

Mr. Pathe: For want of a better word, I do.

Mr. Mackenzie: Why do Tories always reach for those kinds of phrases?

Mr. Pathe: My friends are very sensitive.

Mr. Mackenzie: I am not sensitive at all. I just see the transformation being almost complete.

Mr. Pathe: That was an option that was considered. It was not the one that carried the day.

Mr. Martel: It was Eric Kierans of the Liberals who said that you cannot nationalize what we already own.

Mr. Pathe: The difference is that I was not harassing them.

Mr. Chairman: Have you answered completely?

Mr. Pathe: I think I have.

Mr. Chairman: Are there any other questions on item 3, office of arbitration?

Item 3 agreed to.

On item 4, quality of working life:

Mr. Mancini: Could we have an explanation of exactly what this department does? It has an interesting mandate.

Mr. Armstrong: It does indeed. Dr. van Beinum, the executive director of the Ontario Quality of Working Life Centre, is with us. Hans, would you like to come forward and describe the program of the centre?

Mr. Chairman: Would you please give us your name and your position?

Dr. van Beinum: Hans van Beinum, executive director of the Ontario Quality of Working Life Centre.

Mr. Chairman: Thank you. You can provide the answer, I am sure.

Dr. van Beinum: The quality of working life program aims at creating facilities under which in work situations workers can become more involved in the work setting, and particularly can play a bigger role in the decision-making process affecting that job.

It has to do with looking for opportunities for increasing self-regulation on the shop floor to increase the level of autonomy. We approach that by having both management and union jointly involved with the active participation of workers in that search.

We have translated this general objective into five problem areas: Consultation, the development of field projects, education, information services, and research. The major thrust—

Mr. Mancini: What were the first three?

Dr. van Beinum: Consultation, the development of field projects, education, information services, and research. The major program activity is field projects, where we are trying to assist union and management in initiating and designing projects and programs where we assist with the monitoring and evaluation of such programs.

Mr. Mancini: You mentioned specifically that you are heavily involved in field projects which assist management and employees in working together and having things work a little more smoothly. Do you have actual case histories of this?

Dr. van Beinum: Yes.

Mr. Mancini: Could you give us a couple of examples? That might help us a little bit.

Dr. van Beinum: At present we are involved in nine projects and we hope to come out some time in 1984 with a publication describing about four different cases in more detail.

Mr. Mancini: Can you help us today and maybe give us one or two examples?

Dr. van Beinum: Yes, I can give some examples. One case is with the United Auto Workers

in Windsor, in a Ford casting plant, where a joint steering committee in the casting plant, with the active participation of workers on the shop floor, is engaged in looking at opportunities for increasing the involvement of workers in the actual work process.

3:50 p.m.

Mr. Mancini: So would you wait for one group or the other to call you, or would you wait for a union-management group to call you jointly? How do people get in touch with you?

Dr. van Beinum: It differs. Sometimes we are called in by the union, sometimes we are called in by management and sometimes we are called in by both parties. When we are called in by management, then the next step is to explore with them how we can approach the union; and when we are called in by the union, then the next step is to explore with them how we can call in management.

Mr. Mancini: So you actually send field officers to the site—

Dr. van Beinum: Correct.

Mr. Mancini: —and they stay at the site?

Dr. van Beinum: They are involved in the site. They are not there all the time.

Mr. Mancini: I see. They try to improve relations?

Dr. van Beinum: Yes. They try to help union and management in developing a program and, roughly, such a program experiences three stages. The first stage is characterized by the fact that union and management are trying to learn more at this time, to orient themselves, trying to make a decision.

The next stage is to initiate something, and that is always tailor made, so they have to make a decision where in the plant they should start. Should they take the plant as a whole? Should they take a particular part of the plant?

That is the next stage of initiation, and it involves, for instance, decisions about how to approach the workers, how to involve them and the development of task forces. It is accompanied by training. It is a phase that can take up to 18 months.

After that there is another phase, which we call sustaining the program.

Mr. Mancini: Excuse me. You mentioned training. Training for what, exactly?

Dr. van Beinum: Training in analysing the work situation, helping workers to develop what we call strategies for identifying where in the production system the opportunities are for

increasing their involvement. It has to do, actually, with the whole area of job design and the organization of work.

We train them to use a technical approach. We train them in social technical systems analysis, to analyse what the requirements of the technology are, what the characteristics of the social organization are and to look at where the opportunities are for making changes that would allow them to be more involved in the decision-making process. That training also involves, of course, the shop stewards and the foremen, and it may go right up into the higher echelons of the organization.

Mr. Mancini: How many field officers would you have?

Dr. van Beinum: We have five full time at the centre.

Mr. Mancini: How many employees are in the branch all together?

Dr. van Beinum: Including administrative staff, 11.

Mr. Mancini: You spend almost \$900,000. How else do you incur costs?

Dr. van Beinum: We also have associates working with us on a part-time basis from union, management, consultants.

Mr. Mancini: Consultants, you say?

Dr. van Beinum: Yes.

Mr. Mancini: What has your bill been for the last year for consultants?

Mr. Harris: Would that be services, \$216,900? Is that the budget?

Mr. Mancini: We are on item 4. I am sorry, I am not looking at the same page.

Mr. Harris: We are on T-22. That breaks it down. I assume it is in there under services.

Mrs. Burak: The professional services budget within the services line for quality of working life is \$175,400.

Mr. Mancini: That is for consulting fees? I asked how much was spent for consultants' fees.

Mrs. Burak: Yes.

Mr. Mancini: It was \$175,000?

Mrs. Burak: It was \$175,400.

Mr. Harris: Is that the budget, or last year's expenditure? There is quite a significant reduction in the services budget.

Mrs. Burak: That is this year's allocation and, yes, there was a reduction over last year.

Mr. Mancini: I assume the Manual of Admin-

istration is followed and all this consultant work is tendered.

Mrs. Burak: Yes.

Mr. Mancini: Could I have an example—

Mr. Armstrong: Just on that question, I think it should be explained that on consulting fees, unless one explains the role of the so-called consultant you do not really understand it. There are no consultants in the sense that you are having management consultants come in and look at a problem. They are associates of the centre who do field project work.

Because of the rather limited availability of people who have knowledge of this particular discipline, Dr. van Beinum staffs the centre in part with full-time employees—we can give you the breakdown—and in part with people who have knowledge of the discipline and the methodology of the quality of working life, associate technical assistants, and they are retained to do field project work.

I think, therefore, unless one makes that explanation, it is a bit of a misnomer to talk about consulting services. You might want to expand on that.

Mr. Mancini: So basically what you are telling me is that if you have a particular field project that you might like investigated, you would ask someone to do that for you? Is what I have understood correct?

Mr. Armstrong: That is right. As a matter of fact, Mr. Mancini mentioned the Manual of Administration and so on, these people—and correct me if I am wrong; again, I just caught a bit of the discussion—are technical consultants under the Manual of Administration, which is a different section. I think we ought not to mislead.

I do not think it is accurate to say that there was a tendering process for these people. These people were chosen because of their particular expertise in the marketplace, and are not subject to the tendering processes of the Manual of Administration. If I am wrong on that, please let me know, but I think I am correct on that.

Mrs. Burak: It is true that they are technical consultants. In answer to Mr. Mancini's question, all of the rules governing the hiring of technical consultants have been followed.

Mr. Armstrong: They have been followed but, again, Mr. Mancini is entitled to an accurate response. I do not think that, in this case, that entails tendering.

Don, maybe you can help us on that. My

recollection is that a technical consultant can be retained without that process being followed.

Mrs. Burak: Under the policy for technical consultants, there are noncompetitive tendering procedures. In addition, anybody using that policy must maintain a roster or a supplier's list of technical consultants, and this is the procedure that the centre follows.

Mr. Mancini: So the manual that governs technical consultants, if I understand it correctly, indicates that you should prepare yourself a list of qualified people and then choose one; is that it?

Mrs. Burak: That is correct.

Mr. Mancini: How do you choose one?

Dr. van Beinum: The greatest difficulty is to find people who are qualified. The difficulty is to identify people who really have experience with these kinds of processes and organizational changes, who have had experience working with union and management simultaneously, and who have had experience in facilitating such a process. Those people are scarce, particularly in the private consulting areas. There are few around.

4 p.m.

Mr. Mancini: That is my basic question. If there is a scarcity of these people, and I am assuming they are difficult to find, how do you find them if you do not advertise for them or tender for approaches? How do you know you are not leaving out anyone who could be of considerable assistance?

Mr. Harris: That is the real question. How much do you pay and how do you get Remo Mancini on the list?

Mr. Mancini: I am not a technical consultant and would never hope to be.

Dr. van Beinum: We have an enrolled listing—

Mr. Mancini: I want to be one of those arbitrators at \$1,200 a day. I am no fool.

Dr. van Beinum: We do not have such a technique now because we have a reduced number of consultants. For a number of reasons there is more expertise in the field, there is more competence in the field, the field has shifted. It is not the way it was a couple of years ago when we were in great need of consultants to assist with those projects in the province.

At present we only have three working for us. They work for us only on a part-time basis. When they are engaged, they are engaged for at least a year because it takes at least a year to get a grant.

We have had quite a few applicants from among the private consultants working in this field. I do not think that, within the fee we are able to pay, we are missing any consultants in Ontario who are willing to work for that fee and who are competent.

Mr. Mancini: As Mr. Harris brought up, what are the fees?

Dr. van Beinum: They are \$450 to \$460 a day.

Mr. Mancini: You have difficulty finding people for almost \$500 a day?

Dr. van Beinum: A few years ago, yes. Consultants in this field charged up to \$800, even \$1,000, a day. It is now much easier in view of the market situation, but we have less need for them because there is also much more competence within management and the unions. What we see increasingly is that within organizations people are getting trained within the system—and we are playing a role in that—and they are starting to play that role. They are called internal co-ordinators. There is a marked development in the last two years in that area.

Mr. Mancini: These three consultants you have on board now, whom I am told will stay with you for a year—

Dr. van Beinum: The contract is for six months and we update and review the situation every six months.

Mr. Mancini: What would their contract be worth?

Dr. van Beinum: The six-month contract?

Mr. Mancini: Would it be worth \$460 a day?

Dr. van Beinum: Yes, but they are not full time; they work only for about four to five days a month.

Mr. Mancini: Mr. Chairman, this is interesting. I am wondering if we could invite to the committee the consultants who have been working for the quality of working life department, to find out who they are, what type of work they are doing, how they were chosen, so that we might understand this a little better.

We have heard recently of consultants being paid up to \$900 a day and there is a connotation out there that, as soon as you hire a consultant and pay him \$700 a day, the public might be ripped off. So that we do not unfairly come to that conclusion, I think the more information that is provided to us, the better it will be.

Hon. Mr. Ramsay: Yes, I will be happy to do that. To repeat what the deputy was saying earlier, these people are practitioners rather than consultants, but we will get all that infor-

mation for you. Also, the Quality of Working Life Centre has some excellent publications which I am sure Dr. van Beinum will be pleased to provide for you. It will provide you with a lot of information on the background of the centre and its work.

Mr. Mancini: I would like a list of the people who are available to choose from and an explanation of how the Manual of Administration works as per these particular technical consultants, as was explained by the deputy, so everybody knows what is going on.

Mr. Armstrong: I think that is fair, and we can provide that. We will also provide you with breakdown of the centre's staff to show you those who are on staff on a permanent basis.

As this activity got under way, one problem was that the need for qualified people in particular projects may not exceed four or five days a month. Rather than employing a person full time, staffing up is a much more provident way of doing it, to take advantage of these few people in the private sector and utilize the services as we need them.

We can give you the background to the staffing decisions that were made. As the minister said, it really should be understood as a staffing matter for field project work rather than consultancy. Without getting into semantics though one has to use the semantics of administration manuals, it is a contract for field service work. We will explain it all to you and give you the information you ask for.

Mrs. Burak: If I could just add, Mr. Mancini, this entire system was reviewed in a fair amount of detail by the Provincial Auditor several months ago.

Mr. Mancini: Did you appear before public accounts?

Mrs. Burak: No, we did not have to because everything seemed to be in order.

Mr. Mancini: In that vein, without casting any kind of aspersions, I think the Provincial Auditor reviewed the practices in the Ministry of Government Services and did not think there were any problems there either. I am not trying to say there are problems where they do not exist, but just so we all know what we are talking about.

Hon. Mr. Ramsay: As I said, we will be happy to provide that information for you. There is no hesitancy whatsoever. I would also like to point out, if I may, Mr. Mancini, that we have a blue-ribbon advisory committee—the quality

working life advisory committee. It is chaired by Mr. Armstrong.

Mr. Mancini: It started off okay.

Hon. Mr. Ramsay: Yes, it started off right at the top. It is composed of distinguished leaders from the labour movement and industry. When you provide that other information, Dr. van Beinum, I think you could provide the list of members. I think you will agree that, in addition to the advice and guidance we might purchase, we are getting some quality advice at no cost from these people who serve on the committee.

Mr. Chairman: Thank you. Mr. Mackenzie, do you have a question?

Mr. Mackenzie: No.

Mr. Harris: I will be very brief because I know you do not want to spend too much time on this. I am safe in saying, Mr. Armstrong, that when you are talking about consultants, really what you are talking about here is contracting employment to individuals on a contract basis instead of taking them on full-time staff? You would do that in the normal way that you would look for employees?

In this case, you may or may not advertise. Presumably, you have to go and find the people whom you are having difficulty getting. Instead of bringing them in full-time, you would contract them for a specific project. I know you are going to provide detailed information.

Mr. Armstrong: Yes, we will provide details. But that essentially is what I was saying. Mrs. Burak, do you have anything to add?

Mrs. Burak: I think it is appropriate to categorize them as technical consultants rather than employees.

Mr. Harris: Would this be someone like a university professor who has some expertise in this area, or somebody in that field, who then makes himself available and becomes known to the ministry, and you would contract him?

Mrs. Burak: Yes, there would be some academics.

Mr. Harris: How long has this department been in operation?

Mr. Armstrong: Since early 1978.

10 p.m.

Mr. Harris: It is fairly recent. It appears to me from the estimates that the number of these contract people is going down and the number of permanent staff is going up. Presumably, you found some people through this process and you

have been able to bring them on as full-time staff.

Mr. Armstrong: That is absolutely right.

Mr. Harris: I will ask a really dumb question. What is the \$500 for transfer payments?

Dr. van Beinum: It is something we have not used. It is there in case there is a reason to make use of it for promoting the quality of working life.

Mr. Harris: Is that miscellaneous?

Dr. van Beinum: No, it is not miscellaneous.

Mr. Harris: You never thought you were going to get all of these questions, did you?

Dr. van Beinum: The way I understand it, it is a possible way of contributing towards the development of the quality of working life without fee-for-service conditions. We can give it, but we have not done that at this stage. Perhaps we should do.

Mr. Harris: That is \$500. What do you foresee some time in the future? Who would you transfer the money to?

Dr. van Beinum: If there is a program or development aimed at promoting, diffusing and facilitating the quality of working life. If that was necessary, we could do that, but it has not happened.

Mr. Harris: Why don't we take it out of the budget then? Why do we have the \$500 in?

Mr. Mackenzie: It would be interesting to know just what the transfer is for.

Mr. Harris: Somebody, at some point, must have thought a company was going to come to you and say: "Look, we would like to do this. Give us \$500 and we will do it."

Dr. van Beinum: Yes.

Mr. Harris: Let's take it out.

Mr. Armstrong: Why don't we compromise and leave it in?

Mr. Mackenzie: That very \$500 item could raise a number of interesting conjectures in this program, given the controversy, as the minister and the deputy minister well know, that has from time to time surrounded the whole quality of working life program.

I would like to approach it from a slightly different angle. How many field projects do we have going now? Have you been involved in 15 in the last year, as indicated?

Dr. van Beinum: We are involved in nine at this very moment, but the figure varies. At the moment, we are also in the discussion stage with another 10 different companies and unions.

Mr. Mackenzie: What is the pattern of the programs you are currently involved in? They all have to do with better labour-management co-operation in the work place, as I take it.

Dr. van Beinum: Yes.

Mr. Mackenzie: That is the principle that was behind the idea to begin with, as I understand it. The idea was that it would be ministry-financed so there could be no suspicions from the union. That has raised some serious questions at almost every union convention. What kind of programs are we involved in at the moment? Do they have to do with improving productive facilities, safety and health features or better internal co-operation between management and labour? Just what kind of programs do we have under way?

Dr. van Beinum: Management and labour are involved in looking at opportunities to get workers more involved in the decision-making process affecting their jobs. That is the progress. In many cases, that leads to questions of job design and to a shift from the one man, one job to an organization where there is a group of people responsible for a group task. In that way, in most cases, there is a much greater opportunity for people to have some say, to have more variety on the job, to have more opportunities to learn and collectively to handle more responsibility.

Mr. Mackenzie: It can lead to dangers in terms of layoffs if there is a seniority list, but also a requirement for the ability to perform X number of jobs?

Dr. van Beinum: Yes, but we have not experienced that. As the unions are fully involved and are controlling any developments, it has not been an issue. They control the program and what is happening there.

Mr. Mackenzie: Could I ask the deputy minister for his impressions of the attitude and the workings at the moment of this super high-level committee he chairs? Are any questions concerning the program being raised by the labour people on this committee?

Mr. Armstrong: First, just for the record, I think the minister said it was a blue-ribbon committee.

Mr. Mackenzie: Blue ribbon, yes.

Mr. Armstrong: Maybe just for the record we should identify who those blue-ribbon people are.

Mr. Mackenzie: I am not sure they would all appreciate being called blue ribbon.

Mr. Armstrong: No. Alphabetically, they are Mr. Alton Cartwright of Canadian General Electric; Mr. William Dimma of A. E. LeFevre Ltd.; Mr. Robert Hurlbut of General Foods Inc.; Mr. William Macdonald, a solicitor with McMillan Binch; Mr. Peter Nixon of the Algonquin Steel Corp. Ltd.; Mr. Sean O'Flynn—and I know Mr. O'Flynn—Mr. Bernard Ostry, who is known to you as well; Mr. David Patterson; Clifford Pilkey; Fred Pomeroy of the Communications Workers of Canada; and Bob White.

First, the state of the group in terms of morale, its enthusiasm, its commitment and all of these things, I guess is a bit subjective. As chairman I do not bring the objectivity side of the matter to that question, but I think they are very enthusiastic about their work and about their role in the steering activities of the centre.

If I can describe them, and it is rather difficult, they do more than steer the work of the centre. They are members of a labour-management committee who interact at roughly bimonthly intervals. While they do devote some portion of every meeting to quality of working life initiatives, they also talk about broader questions of social and economic significance in Ontario, with an emphasis on industrial relations.

In so far as the activities of the centre are concerned, I would say they are generally supportive, both corporately and in an individual sense. I think Dr. van Beinum would agree that we go through periods of self-examination. There is some interrogation of Dr. van Beinum, the centre staff and me to make sure the projects being supported are real and worthwhile. We are really involving employees in a greater and more satisfying extent in the work place, and from the employer perspective that is resulting in more effective organizations.

I would say the morale and enthusiasm are at an all-time high. I was pleased to get a report within the past 24 hours that the Ontario Federation of Labour convention resolution, which I think is an annual event from a segment of that convention, that the labour movement should disengage from the quality of working life activities was defeated, and this time, I think, by a vote which is a greater majority defeat than that resolution has had in the past. I understand Mr. White spoke in favour of continued activity on the steering committee and support of the work of the centre.

I hesitate to speak for individual committee members, although I think what I have said is accurate.

Mr. Mackenzie: As the deputy knows, I have supported this when we had others attacking it. The estimates in this committee, although it has been operating on a narrow edge at times, there is a fair amount of criticism of it. I would not put too much credence, necessarily, on the estimates today because this convention has been the convention to kick the hell out of the dissidents just about every issue that came up. It obviously carried some additional weight.

3: p.m.

I think the program has to be watched very carefully. I am just interested whether or not there is any effort to look for specific projects that might lead to success in that area, whether we can measure any success in terms of some input into workers' involvement in the decision-making process and whether we are going to zero in on some of those projects.

How do we have any way of setting this out? I know you cannot just set out a chart there. Do you have any way to provide facts, figures or information that say, "Hey, we have achieved something in this area"?

Mr. van Beinum: We believe that the stage has been set where there are at least four, and perhaps five more, projects which have something to do with that connection. You can see it, Mr. Mackenzie, because at our various seminars, including one-day seminars and two-and-a-half-day seminars for union and management, there is an increased participation from a few projects where union and management present their experiences to the audience.

There is a very dynamic and, occasionally, critical discussion going on between the union-management teams from the field and the audience. That is where the dialogue is. We believe the time has come, in consultation with the people in the field, to come out with a solicitation to do exactly what you are referring to. We hope to be able to come out with that, in the first six months of 1984. It will take about six months to finish that.

The Acting Chairman (Mr. Harris): Mr. Sheppard, do you have something to say on this? You will have to make it fast or you are all going to be mad at the chairman when some of these votes run out of time.

Mr. Sheppard: I wanted to ask the deputy to register a question. It says "public service appeal boards" and then "salaries and wages." I don't figure out only \$107,900. Is that right? It is not very much. I have been over there on

a couple of appeals and there seems to be more staff than that around there.

The Acting Chairman: Where were you?

Mr. Sheppard: At the bottom of page 85 in the estimates book.

Interjection: That is item 5.

The Acting Chairman: May I carry item 4 then?

Item 4 agreed to.

On item 5, public service appeal boards:

Mr. Armstrong: I will explain this item and, again, staff will correct me if I am wrong. The Ministry of Labour has recently inherited responsibility for the Crown Employees Collective Bargaining Act.

There are two tribunals under that act: the Crown Employees Grievance Settlement Board, a board chaired by Mr. Weatherill, and the Ontario Public Service Labour Relations Tribunal, chaired by Mr. Shime. Those tribunals are staffed in the main by the same cast of characters we were talking about in the arbitration world. They are ad hoc appointees to the boards. The only staff that are involved is a registrar, an assistant registrar and two clerical staff. That would account for the, what did you say, \$107,000?

Mr. Sheppard: Yes, \$107,900.

Mr. Armstrong: It would be the salaries of those four members of classified service that would be represented.

Item 5 agreed to.

Vote 2302 agreed to.

The Acting Chairman: I guess we are holding votes 2303 and 2304 for December 7. Is that right?

Mr. Mackenzie: Mr. Chairman, I guess it is their own responsibility. I just have some concern as we go through the estimates. I do not know what the hell we can do about it when one of the other parties is not represented here at all.

The Acting Chairman: Were we not going to hold votes 2303 and 2304?

Mr. Mackenzie: Yes, we were going to hold those in any event.

The Acting Chairman: What are you talking about?

Mr. Mackenzie: I am not making a case for them, believe me, but I wonder at the absence of the official opposition.

The Acting Chairman: I think everyone is here who wants to be here.

Mr. Mackenzie: Well, unless there is some legitimate cause.

Mr. Hennessy: Do you want me to sit over there and make it even?

Mr. Mackenzie: No. I do not care where you sit.

The Acting Chairman: I am filling in for the chairman, too. How would it be if we started on 2305?

Interjections.

The Acting Chairman: Mr. Mackenzie, why do you not lead off and, presumably, all those who want to speak will get here in time. Fair enough?

On vote 2305, employment standards program; item 1, employment standards:

Mr. Mackenzie: I would like to start, if I can, with a concern over vacation pay, and raise the Firestone issue. Could we have Mr. Scott—

I sometimes hesitate, minister—and maybe it is just because of my biases and suspicions; I never like to get anyone in your ministry in trouble—but I have to say that we do get co-operation, and good co-operation, from the employment standards division, and it is appreciated. We do not always get what we want, but we certainly have had some fair co-operation on issues.

Hon. Mr. Ramsay: I appreciate that. We have received that same type of compliment about Mr. Scott and his staff from various other sources as well. It is good to have it confirmed, though.

Mr. Mackenzie: Before I get into the Firestone case, let me raise a small matter.

I do not have the case-sheet with me unfortunately, but I have had some conversations with Mr. Murphy in the Hamilton office on this particular case as well, and it is not that it is a major case, it is simply a concern I have about problems with employment standards.

A chap by the name of Stanko Kunej came into my office a number of weeks ago. He is actually not a constituent of mine, he lives in a downtown riding, but, for whatever reason, he ended up in my office as occasionally a number of labour problems seem to. He was having problems with the owner of the hotel he worked for who had fired him. He was getting paid on the basis of \$40-odd a day, and had to pay out of that a set amount of money for his room at the hotel.

The problem essentially was that while he was only supposed to be working some 20-odd

hours, in fact rarely was there a day when he did not have him working anywhere up to about 12 hours during the course of the day. I am not sure if there was a dispute or what. Obviously there was with the owner of the hotel, but the man ended up coming home from a funeral in Oshawa to find the locks changed and someone else in his job, and so on.

To make a long story short, he came in to us. We sent him down to the Hamilton office and he filed a specific complaint.

Two things bothered me a little about it. I have a copy of the forms he filled out and he was asked not to overstate it. So in fact his statement really says, "I was supposed to work from such time to such a time." He makes the comment that he often had to work longer, but it really only shows about half the working time he was putting in.

There is a dispute, and I gather there is some validity to it, from your office over what he was paid for vacation pay. There is a complaint in the area about overtime, vacation pay and so on.

4:30 p.m.

My concern in the case is not that we are necessarily dealing with it at the moment but that I called the Hamilton office specifically because Mr. Kunej asked, "Should I now get a lawyer in this case, Mr. Mackenzie?" He is of eastern European background and does not speak the best English. I told him simply, "No, I want you to proceed through the employment standards route and let them at least investigate it." Then he told me, "It will take at least several weeks before they can give me any answer to the investigation."

I think we may get it expedited a bit; the answer I got in the Hamilton office was simply "If someone intervenes in a case like this, yes, it becomes a political issue and we get after it as quickly as we can." But that can have the effect of putting someone else behind the eight ball delaying them, and in fact that is how long it is taking us to get to some of these cases now.

I guess I am asking if we have reached a stage where, whether it is a major problem or a minor problem, someone who has to come in to one of the employment standards offices is not in many cases, going to have to wait X number of weeks for the results of the investigation which may directly affect him very much?

Mr. Scott: I do not think there is any doubt from the work load we have that there is this waiting period before a complaint can be resolved. There are exceptions to the rule, and I have

ase it on the circumstance surrounding the ase.

I am not aware of this particular case, but I certainly will look into it. I did not catch the ame of the place. Maybe you would provide at to me afterwards.

Mr. Mackenzie: Yes, I will.

Mr. Scott: I would like to look into it personally.

Mr. Mackenzie: I think it is probably not the most important of any number of cases that ould come to you, although to the individual itself it has some importance. We are also ghting the housing situation because his accom- odation was at the hotel he worked at and they ave given him notice to get out of there as well. at his level of income, which is not very great, at gives him some real problems.

The basic concern I had was that if we are ow in a position where there is at least a ix-week period before we can get some action n run-of-the-mill cases, then I think that is an rea—and I direct this to the minister—where ve may have a bit of a problem.

Hon. Mr. Ramsay: That is a matter that has een of concern to me, but it was my nderstanding—and I will ask Mr. Scott to onfirm or deny it—that he has introduced ome new procedures that have speeded up the ystem.

Mr. Scott: Yes, we have. We have introduced new procedure—not a new procedure entire- y, but certainly we have placed greater empha- is on it—and that is the use of the telephone. Ve have entered into that procedure mainly ecause of work load.

We try to attempt settlement with the claim y telephone in the first instance, but we are not lways successful; we are successful in about 60 er cent of the cases. The remaining 40 per cent, f course, have to be assigned for a field nvestigation, and that does become time con- suming. Possibly that is where this one ended p. I do not know.

Hon. Mr. Ramsay: Is it not correct that the acklog this year has improved over last?

Mr. Scott: Yes. I do not have the exact ercentage right now, but we do have an mprovement.

Mr. Mackenzie: I am not trying to make any problems for anybody involved, because they ave responded to me very quickly, but I have ot before had this kind of position put to me, and it caused me some concern.

Hon. Mr. Ramsay: It has been a concern to us and, as Mr. Scott has confirmed, steps have been taken to try to address it. It is still not as quick as we would like. Nevertheless, I think it has improved over what it was before.

Mr. Mackenzie: The other side of this, just to put it on record, is that you are not going to do your job in your constituency if somebody comes in with a problem and you do not try to deal with it. But it would disturb me no end if we had to call, because somebody came to us as a constituent and, therefore, as happens with the Workers' Compensation Board in many cases, that case is pulled out or given some priority and, as a result, is delaying somebody else who, for whatever reason, did not go to a member, whoever the member may be. That is why I am concerned with the time frame generally.

If I have a case or a problem I am going to go after it and do what I can to resolve it, but I would hate to think that only those who had the foresight to go to a member—maybe in some cases it does not help them—generally speaking were going to get priority and that, in turn, was going to make it even longer for somebody else who maybe had an earlier complaint. That is the context that bothers me.

Mr. Scott: The increase in work load is a fact of life, and there is an increase this year. We certainly are looking at every avenue we can to improve our level of service to the client group out there within the resources we have. I think we have taken pretty firm steps in that way, but it is still a problem with us and it is a fact of life.

Hon. Mr. Ramsay: You also conduct special training seminars through the year, don't you?

Mr. Scott: Yes, we do.

Hon. Mr. Ramsay: That improves the service because people are better qualified.

Mr. Scott: It is all directed at education. It is all directed at lowering the load or the intake of complaints.

Mr. Mackenzie: I was disturbed at this letter I received from Charlie Scime, president of Local 113, of the rubber workers in Hamilton. I described the situation to you, Mr. Scott, in a letter of October 28. Have you got a copy of the letter with you?

Mr. Scott: No, I do not. However, I do remember it. This is the case of vacation pay claimed by the employees.

Mr. Mackenzie: The vacation pay case, yes. I am wondering if you can give me any update on where it stands so we can know whether the

company is right or wrong. I was a little amazed at their position on it.

Mr. Scott: I assigned the matter to the field for investigation. I want them to visit the firm and gather firsthand information and send it into our branch. I have not received that report as of today, but I have been in touch with the Hamilton office and asked what the status is. They do not have a final report for me yet.

As I remember the issue there, the company has a practice, I believe, of adjusting the vacation pay to a vacation year.

Mr. Mackenzie: That is correct.

Mr. Scott: Under that system, you can work an extended period of time before you receive your first vacation payment. Is that the case?

Mr. Mackenzie: That is correct.

Mr. Chairman: Do you have any further questions, Mr. Mackenzie?

Mr. Mackenzie: Just give me a moment here.

Rather than going into the details of this, because I have not looked at it for a couple of months and will want to go over it, I wonder if there has been a resolution of that particular case specifically, as far as you know.

Mr. Scott: In Firestone?

Mr. Mackenzie: Yes.

Mr. Scott: No. That should come within the next short period of time. I believe it was assigned to the field in the early part of November.

Mr. Mackenzie: They appear to be taking another look into it, but there had been a letter away back in July from the Hamilton office to Mr. Scime which simply said:

"Please accept my apology for the the long delay in finalizing the matter of vacation pay raised by you. It is our determination that the company is not in violation of the Employment Standards Act with their vacation pay practice as it relates to newly hired employees described in your letter of October 8, 1982.

"The decision is based on the following: The company's vacation pay entitlement period is the calendar year. For a violation to occur, there would have to be over 22 months elapse from January to the payment of vacation and vacation pay, or from January to October of the following year. This, of course, does not happen with Firestone if vacation is taken in July following the calendar year.

"The employees hired in April, for example, are paid vacation pay from April to December in order to bring them into the company's calendar year entitlement period."

There is a long series of correspondence following that, including letters to yourself and, finally, my letter to you. I got the impression that there was some question as to that initial judgement.

Mr. Scott: I believe the head office personnel were dealing with that in the first instance. I do not think the matter was assigned to the field, but I think we have assigned it now to the field to gather onsite information.

Mr. Mackenzie: I would be very interested in the results of that. I think I have asked the questions in the letter I sent to you. I will not repeat it on the record now. It is a couple of pages.

I did not realize I had a number of other notes in here filed under employment standards as well. I think some of these have to do with the refinery workers we were talking about earlier, in terms of what I had from an interested party in Oakville about the discrepancy in exemption for construction workers, the termination pay provisions of the Employment Standards Act and the exemption and severance pay provisions. This may become an important issue for some of my clients. Is it possible to ask the minister during the estimates why the discrepancy exists?

4:40 p.m.

He goes on to deal at some length with the word "maintenance" employees. I gather, however, from the deputy minister's comments that this area is being looked at by the ministry.

Mr. Scott: That is right, yes.

Mr. Mackenzie: I was also interested in a letter that was sent to the minister. A copy also came to me and the leader of my party very recently, November 18, concerning a waiter and a complaint he has raised. I will read it to put it on the record. I am sure you are aware of it.

"I have been approached by Nick Tsaivos, a waiter, regarding violations of the Employment Standards Act he alleges were committed by his former employer, Devonsleigh Place Restaurant. The violations he reports are employing workers in excess of eight hours a day and 40 hours a week without paying the overtime rate of one and a half hours regular pay, neglecting to keep complete employee records for 24 months and dismissing an employee for seeking the enforcement of the Employment Standards Act.

"Mr. Tsaivos is not satisfied with the investigation done by your ministry in this matter. In particular, your investigator has reported that

crucial time cards were lost by the restaurant, and he is being urged to accept a settlement which he calculates is less than half the true amount owing.

"As I am sure you are aware, unorganized employees, especially restaurant employees, are in a vulnerable position and easily intimidated when they try to seek legal remedies."

Pardon me. The letter is from "Bob," but as a result of Mr. Tsaivos, I think he may have sent you a copy of it.

"Mr. Tsaivos has already paid the penalty of losing his job simply because he sought what he thought he was owed. I hardly think it is fair that he have to accept another."

Can you comment on that? Do we have any response yet to that or is it too recent?

Hon. Mr. Ramsay: It came in just the other day, and a copy of it was sent to Mr. Scott's office.

Mr. Mackenzie: That has not been dealt with then.

Mr. Scott: I would like to say this. While the fact that the cards that record the daily and weekly hours are apparently lost creates some difficulties in carrying out an investigation, I do not think it should form the basis of decreasing a person's claim. It is a matter of determining the accuracy of his claim.

Mr. Mackenzie: I want to make it clear that I am acting as the passer-on of a case, although a copy of the letter was sent to me. I usually try to talk to these people, but in this case I have not talked to Mr. Tsaivos. I am reading his letter. He says in his comments that the investigator reported the restaurant lost the crucial time cards and he is being urged to accept a settlement he calculates is less than he is owed.

What normally happens when we have this kind of a situation?

Mr. Scott: We have to proceed by interviewing a fair number of employees. We have to look at the shifts, the hours of opening the place of business. It is very difficult to determine the hours, but we try to come to grips with it in that manner.

Mr. Mancini: What about income tax receipts?

Mr. Scott: The income tax receipts?

Mr. Mancini: They would more or less show the hours he worked and the rate of pay. Just divide—

Mr. Scott: Not necessarily, Mr. Mancini. I wish it were that easy. I can assure you it is not

when there is no record of hours worked. It is very difficult, but it is not impossible.

Mr. Mackenzie: I want to raise a situation that I think is probably a little bit delicate for the employee involved, but inasmuch as he did ask me to raise it under employment standards, I am going to. I am prepared to talk to the minister or to Mr. Scott on this matter, but I think the best way I can deal with it is to read the letter, the outline of the case this particular employee sent to me.

It has to do with the employer asking employees to donate a day of work to the company to help it out. Apparently, the work they do is still billed to the purchaser or the consumer. This letter is addressed to me by a man working for a company in Toronto called Geocon Inc. I think there was a complaint registered with one of your offices.

"I am going to try and list to the best of my ability and recollection all the events that took place in the period 1982-83, but first I think I should give you my employment history with Fenco Engineers Inc. and Geocon."

I will not go into all of this, because his promotions and his various jobs would immediately identify him.

"In September of '82, the home office of Geocon was called together and was told that the company was having a rough time financially and that there would be no pay raises in '83. Increases are usually disclosed around Christmastime. Also, we were being asked to take one day off without pay in our normal two-week pay period. At the same time, we were asked to volunteer one day in our two-week pay period towards the company to help them survive the hard times. We were told it would not be of long duration and we would be kept informed.

"The chief draughtsman questioned the office manager-engineer, stating that we were donating seven and a half hours of our time every two weeks. Why should we subsidize the company as well by coming in on our day off? We would have to pay for gas, parking, lunch, etc. He asked about a \$5 allowance to defray these costs and was told it would be looked into, but nothing more was heard of the subject.

"In August of '83, the volume of work has increased to the point where we cannot get everything done, even with volunteer time. Now the company says at another meeting that we will be going back to a regular 10-day, full-pay schedule, but they would like us to donate one hour each day towards bettering the company

finances. These donated hours are to be listed, as were the previous volunteer times, so that the company can charge the client.

"I have been working overtime and on some Sundays due to the volume of work. I do not get overtime pay, but I do not get paid until I put in my one hour free time each day. It seems to me that five hours per week lost time is also lost to the federal and provincial taxation office"—that may be a side comment—"while the company is enjoying all the benefits.

"Bob, as we talked in our phone conversation on August 30 and I told you some of the events in our company that I was truly unhappy about, you asked me to write these events out, which I am about to do."

Some of the rest of this is about the growth of the company, and there are some other individual comments about paying for certain management personnel, paying their rents here in Toronto and paying to fly them back and forth from Montreal to Toronto on a daily basis, while the rest of the employees are asked to donate their time. He ends up by saying:

"If the company is in such financial trouble, how can they afford such expenditures? I feel the workers are being forced to bear the burden for poor management. I feel like a pawn being moved about by whim, with no consultation.

"As you know, I talked with the employment standards branch of the provincial government, relating most of what I have told you here regarding pay cuts, volunteer time and moving about, and was told that the Labour department did not like what the company was doing; however, in their opinion, the company was doing nothing illegal.

"I feel that the labour laws of this province are one-sided in favour of the employer where there is no union and, therefore, no collective agreement. Employees are tools of management, especially in tough economic times. There is no enlightened treatment of a worker as part of a team effort."

Having said that, he goes on to make a comment that probably could be considered even anti-labour as well, by saying:

"The adversary system approach to labour-management has long passed its useful life, and a new method must be found to benefit both labour and management."

I guess in essence his complaint to your ministry resulted in the comment that, "We do not like what is going on," and I certainly do not. There are some deliberate activities here, includ-

ing the billing practices to the customers that are going on, that I do not like.

This is from a professional person, I might indicate. I am wondering what happens when you get a case like this. I am not sure that he filed a formal complaint. He talked to the ministry. What can we do where we do not hang the guy out to dry, where there is no union?

Mr. Scott: I have no comment to make on the billing practice. It is not a question of not believing; we do not have jurisdiction over that under the Employment Standards Act. We do have jurisdiction over the level of wage, whether it is at the level of minimum wage, and we have jurisdiction over the rate that is paid in accordance with the contract that exists.

I would like to look at it in more detail, but off the top of my head, on the basis of what you have said, Mr. Mackenzie, I think the employee has made certain agreements with regard to the volunteering of a day etc., and I would question—

Mr. Mackenzie: They were called together, and they all agreed. He really had no choice.

Mr. Scott: What is questionable is whether that is under duress and whether they are waiving a particular standard that is established by the act. I would have to sit down with the legal personnel within the ministry and not make such an easy determination as apparently has been made.

4:50 p.m.

Mr. Mackenzie: I accept that.

Minister, I raised this particular case simply because here we have a professional person who probably is smart enough, from my conversations with him, that he would go the legal route if he ended up being fired as a result of this, and he may very well do that.

He is obviously also feeling a real frustration with what kind of protection there is and what he can do when he is faced with this situation, as they were collectively—two persons obviously spoke out about it; both of them, from what he has told me, are professional people and probably at a slightly higher wage level than most of us will see.

Once again, this is the way some of these outfits, using the excuse of the current times, seem to be able to manipulate their employees. I suppose the anger and frustration is heightened by the fact that all the volunteer and unpaid hours are listed so they are part of the billing process to the customers.

I do not know how we deal with that. I was not even sure I wanted to use it today, but I finally

decided to read most of what he had said into the record simply to ask, how in blazes do we deal with something that really raises some serious questions but where that person probably would end up out of a job in one hell of a hurry if he were fingered or identified directly? Now do we go about taking a look into a situation like that? Is there anything the ministry can do if the person is not willing to come in and sign the complaint? That is where we start, from here.

Mr. Scott: I do not think it is a matter so much of signing a complaint to look at the matter. We can certainly look at it; only, as I have stated, I do not believe we have the jurisdiction within the limits of the legislation as currently defined to deal with the billing practices of the company. In the past year or two, there have been a number of cases where employees have agreed to work longer hours for the same money because of the financial circumstances the employer has found himself in and in an effort to retain their jobs, I guess. Whether that is true or not, I cannot say, sir. We can look at it, but I suspect the bottom line is that there would be very little we could do about it under the act as currently structured.

Mr. Mackenzie: Quite frankly, I had almost reached that conclusion myself, but I sure would like some way of dealing with it a little more thoroughly. I am prepared to discuss it and the correspondence I have with Mr. Scott in a little more detail, if I may.

Interjection: Sure.

Mr. Mackenzie: I have another piece I want to raise. Mr. Mancini, do you have anything you want to go with in the area of employment standards?

Mr. Mancini: I wanted to say something on plant closures. That is fine, Bob, just carry on.

Mr. Mackenzie: I am not sure that this does not come under one or two of the other votes, but maybe we can get it out of the way here. It is the old question of security guards, their rates and their efforts to get a better deal. Specifically, a charge is made by one guy, a chap of 62 who I guess took the job out of financial desperation more than anything else. He has at the top of his letter, never mind at the bottom, "Please don't mention my name or I'll lose my job immediately." One of the questions he raises with me is that, without any authorization at all, the firm is charging him \$2 every pay for his uniform. Can a charge such as that be made without some

signature or authorization out of the very low wages he is making?

Mr. Scott: Yes. Some time ago there was a prohibition in the area of uniforms, but I believe that has been removed. I would like to check.

Mr. Mackenzie: He also raises the fact that he had called the Ontario Labour Relations Board on University Avenue—who he was talking to, I do not know—and was told that before they would look into some of the charges he was making about his income, which I guess ties in with the first question I talked about and the deduction he did not authorize for his uniform, it would take three to four months for them to look into his situation.

I will give you a direct quote: "Phoned labour board on University Avenue. They said put it in writing and it would take three to four months to look at. Are they kidding? I would be fired long before that."

Mr. Scott: I could not very well agree with the three or four months; let me put it that way.

Mr. Mackenzie: It is not a total response, but—

Mr. Scott: I believe you said there was no authorization. The legislation used to prohibit that kind of authorization, but I believe a signature is still required, permitting that deduction to be made. If companies are doing it unilaterally without that, I would think, from what I am looking at here, that they are in violation.

I do not know who handed out the three or four months. That is exorbitantly long, and I do not agree with it.

Mr. Mackenzie: It does tie in with the other questions we were raising.

Mr. Scott: If it is possible, I would like you to furnish the name of the company. Investigations other than complaint investigations can be made—routine investigations to determine what practices are there.

Mr. Mackenzie: This chap is working for not much more than the minimum wage. He outlined what he is getting and that he has never taken and never will take welfare, but it is a little tough when you end up after paying rent and a minimum food budget with \$6 for everything else.

I am going to hold for a moment on this.

Mr. Chairman: Have you anything else on employment standards, Remo?

Mr. Mancini: I think I addressed most of my concerns on employment standards in my open-

ing remarks, but I have a few questions on closures.

Mr. Chairman: Okay. There is nothing more for Mr. Scott under employment standards?

Mr. Mackenzie: I have a feeling there is, but I cannot find it. I know there was, but I do not know what I have done with it.

Mr. Chairman: Could we carry vote 2305, item 1?

Mr. Mackenzie: Now I remember what I wanted to raise. I am sorry for missing it; it is an obvious one. I raised this in the overview, and I would like to get to it. It is one of the files I brought back at noon about the Grimsby Diesel case and the 16 or 17 workers involved in that plant and the almost unbelievable faith they had in working for as long as they did without pay.

I wonder whether Mr. Scott could tell us exactly where we stand in terms of those workers. What is owed to them now, apart from benefits, vacation or anything else, as well as pay for the months of August, September and the first seven days of October?

Mr. Scott: I do not know the breakdown of the finer details, but I know the company is in serious financial trouble. There are approximately 16 employees involved. We issued orders on November 16 for some \$54,000 in wages and vacation pay. Included in the wages are commissions owing to the employees concerned.

The company is not operating at present; it is not in bankruptcy and it is not in receivership. There is a possibility of proceedings via a third party demand, but that is something I will be looking at when I get the final report, which I should have within a few days. Incidentally, I got this information today, Mr. Mackenzie, and it is quite recent.

5 p.m.

Mr. Mackenzie: Your office has also been helpful in passing on what it knew about the matter, every time I called following a meeting with Mr. Earl and some of the other employees of the firm. The employees, as I said, desperately wanted to keep going. I guess the question in my mind is how long would it be before we should act? Would we act at all if there were not an official complaint even though we were in a position to know? I am wondering, quite frankly, whether I was wrong in not blowing the whistle before I did, because I knew some time ago, the end of the first month and a half.

When you get a firm where the cheques bounce and nothing is honoured, as I say, for August, September and the first week in Octo-

ber, and all the while the employees are getting a first-class con job—I am amazed at the sort of things they were told by the firm and by the firm's lawyer—at what stage in the game would the ministry intervene in a case such as this? Does there have to be a formal complaint?

Mr. Scott: We certainly do not have to have a complaint to react in a situation such as this. We become knowledgeable of a situation where employees are working and have worked quite a number of weeks. It is desirable, though, to have a complaint from someone, particularly the employees concerned. There are certain rights under the legislation with regard to review, etc., but that can only come into being when a formal complaint is lodged by the employees concerned.

You asked whether we need a complaint; we do not. If someone can pass the information to us that a situation exists, we will be only too pleased to look into it. Mind you, it becomes one of the many claims we have in the bar. I guess we compare it with people who have filed claims. Then we have employees who are working under an arrangement they have apparently for their own reason, have not seen fit to file a claim.

Mr. Mackenzie: Can I ask another question? It may not involve policy as much but it deals with the same case. As I understand it—I do not have the file with me here; it is up in the office—I do not believe the list of some of the creditors includes any of the banks. This is more unusual situation than some.

Will we now try to collect this money that is owed to the employees for better than ten months' wages plus the other benefits? What right have we got? Can we move in terms of a kind of seizure or lien on equipment or materials or the property that is involved in that plant? What kind of position are we actually in?

Mr. Scott: We can certainly file a writ with the office of the sheriff. We can file that under the act and it has the status of a court order, but that has to take into consideration—

Mr. Mackenzie: That does not take a precedence over any of the other claims?

Mr. Scott: That is right. There are priorities here that must come into play, and you have to look at that. What legal documents exist, particularly in this case, I am not aware. Whether there are any, whether there are mortgages or liens, I do not know. If it were entirely free from any encumbrances, there would be a good

nce, I would suppose, that the order could be executed.

Mr. Mackenzie: I do not think it is free of any emburances. I was just surprised that the banks were not involved.

Mr. Scott: This is the next step we will be taking at in this particular case, to see whether we can proceed in that manner.

Mr. Mackenzie: What it does more than anything else is it underlines once again my concern about what protection there is for workers' wages and benefits, claims which are sometimes of fairly long standing, and in situations where they have been deliberately misled in continuing their trust in the fact that something was going to happen, as in this particular case.

Mr. Scott: What you so often find is that there are secured creditors and they come ahead of us. That is generally what you find in cases where there are serious financial problems.

Mr. Chairman: Anything further, Mr. Mackenzie, on employment standards?

Mr. Mackenzie: You will give us an update as to the ruling on that vacation situation at Festone?

Mr. Scott: Yes.

Mr. Mackenzie: I want to raise with you the situation that I believe my colleague Mr. Cooke has raised in the House. No, I will leave it, because on looking at it, it is really not under employment standards.

Item 1 agreed to.

On item 2, plant closure and review:

Mr. Chairman: Mr. Mancini, did you have anything to ask on this?

Mr. Mancini: Thank you, Mr. Chairman. The issue of plant closure and employee adjustments was in full flight before the last provincial election. A select committee had been established and it was plodding along, trying to put together a policy to present to the minister which, hopefully, would have been of some assistance. We were laid off. Premier William Davis laid us off.

Hon. Mr. Ramsay: Permanently.

Mr. Mancini: There was a committee closure; that was what it was. Premier Davis forced a committee closure on us, without severance and without employee adjustment of any kind. Anyway, we were unable to finish our work. I think your office has been looking into the field of plant closure and that \$1 million has been

allocated to your department for 1983-84. My basic question is, if you have no authority in plant closures, what do you need \$1 million for?

Mr. Shardlow: The primary use of the funding in my branch is for the provision of employee assistance programs. We help employees affected by plant closures. Most of the money would go to the counselling program introduced about two years ago.

Mr. Mancini: When was it introduced?

Mr. Shardlow: About two years ago.

Mr. Mancini: Right after the closure of our committee.

Mr. Shardlow: Just about the same time.

Mr. Mancini: I am going to need a lot more details than that.

Mr. Shardlow: The counselling program is a specific program set up to provide counselling assistance to workers affected by specific plant closures.

The programs are set up on a co-operative basis with an employer and his employees. They are administered by the Ministry of Labour under a joint relationship with the Ministry of Colleges and Universities and administered by community college staff in the area in which the closure has occurred.

To date, we have put on about 50 programs. The counselling takes two forms. The first is job search counselling; assisting people in how to fill out résumés, how to apply for jobs, how to go through interviews, that type of thing.

The other type would be in the area of career counselling; looking at some alternatives to a present job or looking at some upgrading programs that might be available through the community college structure.

Mr. Mancini: Is part of this \$1 million used to retrain some of these individuals? Is part of this \$1 million actually used to help laid-off employees move from one location to another? Does any of this money actually filter down to the laid-off employees?

Mr. Shardlow: This money would not be used for that reason. Any moneys being used to help people relocate would be under the federal program of mobility assistance. Any retraining would come from separate funding, a federal-provincial type of funding. It would come under the Ministry of Colleges and Universities in its skills upgrading programs.

The money we are talking about is primarily to assist the community college put on the counselling program. Also, a lesser amount of

that money would be the provincial share in manpower adjustment committees. They are established not just in closure situations but also in significant layoff situations. That is a joint federal-provincial responsibility.

Mr. Mancini: I do not mean to sound overly critical, but it still seems like an awful lot of money for just putting in place a few counselling programs through community colleges. How many employees are there in this branch?

Mr. Shardlow: There are four employees in our branch. We utilize the services of our own employees and on the odd occasion we contract people from the outside for specific closure situations.

I do not have a specific breakdown of expenditure of the \$1 million but in this fiscal year I believe it is in the order of about \$630,000 to \$650,000. It would be specifically for the counselling and the manpower adjustment committee programs.

5:10 p.m.

Mr. Mancini: You turn this money over to the community colleges?

Mr. Shardlow: Or it would be part of our contribution to the working of the manpower adjustment committees. It does not necessarily all go to the community college. If we utilize people or if the community college utilizes other resources, it would go to help fund that also.

I should point out that the funding is not 100 per cent from the Ministry of Labour. In many situations, it is cost-shared with the employers involved, but a year ago, for instance, when Canadian Admiral Corp. Ltd. went bankrupt, there was no employer contribution. More than 1,200 people were affected in Mississauga and 500 to 600 were affected in Cambridge.

Mr. Mancini: What did you do for those people?

Mr. Shardlow: Counselling programs were put on for both of those establishments, along with manpower adjustment committees in both establishments. I do not want to leave you with the impression that everybody went through the counselling, because they did not. It was open to everybody. I do not have the figures in front of me of how many people took advantage of it.

Mr. Mancini: That was going to be my next question. How many laid-off employees are using the counselling and how successful have you been in assisting laid-off employees in obtaining new work?

Mr. Shardlow: Unfortunately, the number of people taking advantage of the counselling is not nearly as high as we would like it to be. About 50 per cent of those people who are terminated in any one closure situation will ultimately take advantage of the counselling program.

Mr. Mancini: But you cannot tell us how many right now?

Mr. Shardlow: I could, yes.

Mr. Mancini: Please tell us.

Mr. Shardlow: Actually, it is exactly 50 per cent. I can give you a breakdown of employees in each company and how many people.

Mr. Mancini: In total, would it be several thousand?

Mr. Shardlow: In 1982-83, 1,000 people took part in the counselling. I do not have the figure to date in 1983-84, but we have undertaken counselling programs so far and approximately 800 people went through the counselling program. We are taking steps to try to increase the number of people who will take advantage of this. Very often, unfortunately, employees feel they have to go out and get a job right after. That has just been the case.

Mr. Mancini: The minister was saying something about the youth employment program not being cost efficient. To spend \$1 million to counsel 1,000 employees is an awful lot of money, unless I am missing something.

Mr. Shardlow: That is not quite right. The figure of 1,000 I gave you was for last year. This year the money has been increased this year in anticipation.

Mr. Mancini: How many do we anticipate?

Mr. Shardlow: This year, we anticipate approximately 30 programs. It will be in excess of that because we are running above what we had forecast for this year. We anticipate that about 2,000 employees will take advantage.

What we are doing at the same time, Mr. Mancini, is becoming much more cost efficient in our own program. The program has perhaps been more costly in the last couple of years because it has been in the formative stages.

Mr. Mancini: You will agree that there has been a lot of money spent for not very many people?

Mr. Shardlow: It has been well spent, in my own opinion. It is becoming more efficient in the sense that it is costing less on a per-employee basis to counsel people as the program goes on.

Mr. Mancini: Explain that. How are you

becoming more cost efficient? Are you paying your counsellors less or are they counselling more people per hour?

Mr. Shardlow: It would be a combination of a number of things. The primary one is that each program is put on by the community college in a specific area. We have geographic areas across the province. As the program was in its formative stages, each community college, as it was approached for the first time, would have to gear itself up to put that program on. It would depend upon the circumstances at hand.

If we were dealing with a community in northwestern Ontario, for instance, the people from Confederation College in Thunder Bay would have to travel several hundred miles to reach it, as opposed to a situation in downtown Toronto where the college already has facilities available and employees just have to come into an empty classroom. There are many different situations like that.

However, as we progress—and of the 22 community colleges in the province at least 19 now have put on at least one program—we would not have the same type of startup problem as before.

Mr. Mancini: Do you follow the employees through? The plant closes, they are laid off, 50 per cent of them use your adjustment program—I should call it a counselling program, I guess. Do you follow these people through; do you know what happens to them after?

Mr. Shardlow: We try to follow them through to the best of our ability. The individual colleges vary often do, but not to the extent that we would continue with them several weeks or several months after the counselling program is completed.

What we will be doing this year, hopefully, is a questionnaire, research-type of project of all the counselling programs we have done and trying to contact as many of the former employees as possible to see what has been their experience with finding a job or whatever they have done after the counselling program, to see whatever assistance it has been for them.

Mr. Mancini: So as of right now we really do not know.

Mr. Shardlow: I could not give you the number of employees who have found jobs as a result of the program.

Mr. Mancini: I was just trying to see if we could get at the social cost. I was just wondering there had been a certain percentage of these employees who were unable to find jobs and had

to leave their homes and file for bankruptcy and things like that.

Hon. Mr. Ramsay: Excuse me if I interject for a moment. Some studies have been done and others are in the process of being done by the branch and perhaps Mr. Shardlow could expand on those. I think I know where you are coming from and I think if he told you about those it would help.

Mr. Shardlow: There have indeed been some studies undertaken. The largest one was done a few months ago by the research branch, where they contacted employees of about 22 companies that had closed over the past two years. That was prior to the introduction of the counselling program, so it does not really address those individuals who were counselled, but it did try to get a handle on what happens to employees after their place of business has closed. I understand that the results of that study will be available fairly soon.

Generally speaking, we have found that older workers and female workers are the ones who have the hardest time trying to find re-employment after they have lost their jobs in one location. What we are trying to do is focus our efforts in the counselling to address the specific needs of those individuals.

Mr. Mancini: Are we going to be provided copies? Is it going to be tabled in the House, or just through the mail, Russ?

Mr. Chairman: What did you request?

Mr. Mancini: I was just wondering what the procedure would be.

Hon. Mr. Ramsay: We will get you a copy, no doubt about that.

Mr. Mancini: That is fine. There is certainly a lot more that I would like done as far as assisting laid-off employees who have lost their jobs because of plant closures, and you have zeroed right in on the particular concerns for older workers and for women. There is no doubt about it, those two groups would have the most difficult time readjusting or even having an opportunity to work, even though their skills and their experience would be considerable. There is a tremendous bias out there.

You mentioned that there were only four employees in the branch. The economy has not been very good. I am assuming, from the information I have, that there have been an awful lot of plant closures. First of all, could you tell us how many there were for 1982-83? Of course, my second question would be, how are you keeping up?

Mr. Shardlow: The 1982 calendar year was probably the worst year I have experienced. I have been involved in this part of the ministry for several years now. We have found that the number of occurrences has now decreased.

Mr. Mancini: What was the number for 1982?

Hon. Mr. Ramsay: Excuse me for a minute and I will locate it in my notes. That was in my opening statement.

Mr. Mancini: I think you are right. I think I was shocked by the number; you are right.

Mr. Ignatieff: Mr. Mancini, page 95 of the explanatory material has a table which provides quite a bit of information on comparing 1981-82 with 1982-83.

Mr. Mancini: Are you talking about the minister's speech?

Mr. Ignatieff: No, the explanatory material, page 95. There it shows the number of full closures, 93 for 1981-82 and 110 for 1982-83, but the full impact of the difference is probably seen by looking at the number of reduced operations.

Mr. Mancini: I cannot seem to find it.

Mr. Shardlow: Page 95.

5:20 p.m.

Mr. Ignatieff: The reduced operations went quite significantly higher in 1982-83. They have dropped off I think, as Mr. Shardlow will tell you, in 1983-84 so far.

Mr. Mancini: What is the procedure now for plant closures? Are you just notified through the media, or does somebody call you up and say the plant they worked at has closed? Is there some formal mechanism in place where you are informed of plant closures?

Mr. Shardlow: There are several mechanisms in place, one of which is formal. I will address the formal one first. The Employment Standards Act provides that where an employer is about to terminate 50 or more employees in any four-week period, he must advise the Ministry of Labour of that.

Mr. Mancini: In how many cases is that done?

Mr. Shardlow: I could not give you an exact number, but I would say it is done in the vast majority of cases. We have found that in most cases employers contact us before we have a chance to contact them. I think sometimes it is more a question of concerns they would have as to the complexities of the legislation and the obligations they have to their employees.

Often we would be in discussion, sometimes on an anonymous basis, with employers before

they would actually have decided to close. And the minister has probably pointed out to you, we would often actually meet with the minister and with the companies.

Mr. Mancini: So basically we can say that a minority of firms do not formally report to the minister?

Mr. Shardlow: I would say this with confidence, that is true. The largest number of nonreportees would be the ones that go under the bankrupts or the insolvencies, where it happens quite suddenly.

Mr. Mancini: With closures occurring once a week and in some cases twice a week, and with four staff members, what do you do after—

Mr. Shardlow: We are basically an administrative operation. Our role is to become aware of situations, to make sure the employees and the employers are aware of their obligations. The actual counselling would not be done by my staff. It would be done by the staff within the community college structure. In that sense we are a funding agency.

That type of a role is really not ours to play except with the minister.

Mr. Mancini: We have already talked about the employee adjustment end of it. I have expressed my concerns there as to the problem of people not using the counselling and the fact that more could be done.

What actually does take place in your office when a company calls and says that unfortunately it is closing its doors in six days?

Mr. Shardlow: We would make sure the company is aware of its obligations to its employees. That would involve explaining to them, in part, the Employment Standards Act with respect to notice, severance pay, the provision of benefits and things of that nature. Basically it would be mostly by telephone conversations. We would then tell them about the various assistance programs available to the employees.

At the same time we would elicit from the employer as much information as we possibly could as to why it is happening, what is happening, the timing of the event, the number of employees involved, where a union is involved, the name of the union and the contact person there, and that type of information.

Upon receiving that information, we would immediately contact our sister agencies in both the provincial and federal governments to alert them to the possibility—I am thinking primarily, for instance, of the Ministry of Industry and

ade in the province and the manpower adjustment service or the manpower consultative service for the federal government.

At the same time, we would contact the union to see if they were aware of the situation, unless we were given the information on a confidential basis. If the union was already aware of it, we would let them know that we are here if they have concerns or problems with the legislation and to advise them of the rights of their employees under the legislation.

Our major role would be a consulting one. We can visit the company, meet with the union, and meet with the employer to make sure that everything is going according to plan. We would monitor the situation throughout the length of the notice and into the closure.

Mr. Mancini: I am assuming that exactly the same thing would be done with partial closures.

Mr. Shardlow: With partial closures, yes, to a lesser extent with a reduced operation situation. Many of those situations are recurring, in that it may be a company we have dealt with over a long time which would be calling us up to advise of certain situations.

We would already have the contact with the company and the union well established. Basically, in a reduced operation situation we would be monitoring it more than anything else, confirming the numbers and things of that nature.

Mr. Mancini: In the bankruptcy case, I guess you would immediately see the justification for the closure if the doors had been locked by the sheriff or whoever does those things. If the situation is different and it is not apparent immediately why a particular plant may have a partial or total closure, are there any economic questions you ask?

Mr. Shardlow: We would certainly meet with the company to discuss the reasons for the closure. In many cases the company would voluntarily come in to meet with us or the minister or, on occasion, they come at our request to discuss the closure.

I am not a trained economist and I would be unable to answer those types of questions. But very often, in our meetings with companies and with unions, we involve people from other ministries. Most appropriate would be the Ministry of Industry and Trade, which has specialists in the various areas and sectors who would be able to ask more penetrating questions in that respect.

Mr. Mancini: I will ask the minister the question then. When it is not apparent immedi-

ately why there may be a total or partial closure of a plant, and employees are being put out of work, when you are able to meet with them, exactly what is discussed? Do you try to obtain from them this economic information or the reasons? What is done?

Hon. Mr. Ramsay: We try to cover several bases. Certainly, we attempt to ascertain the rationale for the closure. We ascertain the extent of the benefits they will be providing. Some companies will provide benefits in excess of the legislation.

Oftentimes we do not meet just necessarily with management people. We will meet separately with the union, or we bring management and union people together at the same time in an attempt to resolve certain issues. The meetings are undoubtedly the most difficult ones I have to get involved in as far as my responsibilities with the ministry are concerned.

There is a hopeless feeling. You do everything you possibly can, but there is still the end result. There are people who have been terminated and they are going to have a great deal of trouble in the present economy acquiring suitable employment. That is really the bottom line. If we can do nothing to change the direction of the decision, at least we want to make sure we do everything we possibly can for those who are directly affected.

As I said in my supplementary remarks today, for the most part we have found the companies co-operative. There have been some we have had to lean on a bit to get the information we wanted. Some—very few in number, though—have been unco-operative. For the most part, we find they try to follow the suggestions we put forward.

Mr. Mancini: Just one more question. A good deal of our economy is foreknown. Some of us believe a lot of the rationalization that takes place is made outside of our boundaries and is not made for local economic reasons. I want to ask you point blank do you find there is a lot of that in your investigations? I am assuming there is a lot of it.

Hon. Mr. Ramsay: It is a good question, Mr. Mancini, and I hesitate to give you a snap response because I have not really measured it in my own mind in that manner.

Subject to checking my statement or qualifying it later, I would have to say that many of the closures, if not the bulk of the closures, have been related to companies that are domestically owned. I have made this statement in the House.

so it is not new, but a year ago I found that most of the closures—sorry, let me rephrase that—a good percentage of the closures were as a result of bankruptcy or insolvency. This year I am finding that most of the closures are related to rationalization.

Mr. Chairman: Do you have further questions you want to ask, Mr. Mancini?

Mr. Mancini: I do not want to keep you.

Mr. Chairman: I mean when we go on next Wednesday.

Mr. Mackenzie: I do have.

Mr. Chairman: You have some also. The Mr. Mancini will be on first next Wednesday, plant closure and review. That is vote 2305, it is 2.

Mr. Mancini: I have just one point before leave. Is it possible to have the women's issue discussed next Wednesday?

Mr. Chairman: No. That is December definitely.

The committee adjourned at 5:31 p.m.

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Collins, P. A. (Brantford PC)
 Harris, M. D.; Vice-chairman (Nipissing PC)
 Kennedy, M. (Fort William PC)
 Mackenzie, R. W. (Hamilton East NDP)
 Mancini, R. (Essex South L)
 Martel, E. W. (Sudbury East NDP)
 McKessock, R. (Grey L)
 McLean, A. K.; Chairman (Simcoe East PC)
 Ramsay, Hon. R. H., Minister of Labour (Sault Ste. Marie PC)
 Smith, G. R. (Cornwall NDP)
 Seppard, H. N. (Northumberland PC)

From the Ministry of Labour:
 Armstrong, T. E., Deputy Minister
 Brak, R. M., Executive Director, Finance and Administration Division
 Chateaufort, N., Assistant Deputy Minister, Program Analysis and Implementation
 Dineen, L. V., Assistant Deputy Minister, Industrial Relations Division
 Goss, J. R., Director, Employment Standards Branch, Program Analysis and Implementation
 Hardlow, H., Director, Plant Closure Review and Employment Adjustment Branch
 Van Beinum, Dr. H., Executive Director, Quality of Working Life Centre
 Wolfson, Dr. A., Chairman, Ontario Manpower Commission



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Labour

Third Session, 32nd Parliament

Wednesday, November 30, 1983

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 30, 1983

The committee met at 10:07 a.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR (continued)

The Vice-Chairman: Mr. McLean is away today. I think we are going to try to finish votes 2305, 2306, 2307 and 2308 this morning. Is that the target you would like me to follow?

We are on the employment standards program. Then we have the Ontario Manpower Commission, the Ontario Human Rights Commission and the Ontario Labour Relations Board programs. This afternoon we will go back and pick up occupational health and safety and next week we will deal with women's issues. That is what I will be shooting for unless you revise it along the way.

On vote 2305, employment standards program; item 2, plant closure and review:

The Vice-Chairman: We were on vote 2305, item 2. I think the minister wanted to respond to Mr. Mackenzie.

Hon. Mr. Ramsay: Yes. With your permission, Mr. Chairman, I would like to take a few moments to respond to the conclusion of Mr. Mackenzie's opening remarks. These will cover the various points he raised with the exception of four issues on occupational health and safety: coroner's inquests, lead at Stelco, coke oven workers and Dofasco. When we address occupational health and safety matters this afternoon, I would like to take the opportunity to respond to Mr. Mackenzie on those four matters. There are a few others, however. It will not take me too long.

I will start with the reduced work week. Mr. Mackenzie discussed the serious human impact of the current level of unemployment and, in particular, the job creation potential of reducing the work week to 32 hours.

Both as Minister of Labour and the representative for Sault Ste. Marie, I am deeply concerned and distressed about the present high level of unemployment and the hardships and many problems the unemployed have to face. In my opening statement, I went into some detail in discussing the initiatives of this government

to alleviate this problem. In this situation, any proposal or suggestion aimed at reducing unemployment deserves the most serious consideration.

As I said on November 16, we are prepared to examine the practical implications of legislation to reduce the work week. I must say, however, that I am troubled by the cost implications of imposing a 32-hour work week by legislative action, particularly if weekly take-home pay were to remain the same. This would result in a significant increase in unit labour cost, raising doubts in my mind about the ability of our economy to preserve existing employment, let alone provide needed employment opportunities.

Moreover, there are some technical questions which need to be taken into consideration in connection with the idea of transforming the hours saved by a reduced work week into full-time jobs. For example, how does one match the skills and training of the unemployed necessary to fill many of the jobs that might become available through hours reduction? Would unemployed people be willing to move to locations where the jobs might be created? How does one overcome the fact that many employers are limited in creating additional jobs by physical constraints in the work place such as limited space, equipment and worker-machine ratios? Could a 32-hour work week lead to increased use of overtime for existing staff rather than the creation of new jobs?

Evaluation of the job creation implications of a reduced work week is not simply a question of balancing the costs incurred by employers against the theoretical savings to various unemployment or social assistance programs. If the proposal is to be seriously addressed, one must go well beyond the cost-benefit equation to which my friend referred and look carefully at the practical and functional labour market implications of the sort I have just mentioned.

None the less, I do agree with the member for Hamilton East that further investigation of this question is certainly a worthwhile exercise at the present time.

Turning now to Allen Industries: as the member is no doubt aware, yesterday the United Auto Workers called my office and asked for a meeting with myself and corporate officials. I

am currently in the process of attempting to arrange a meeting as soon as possible and I have extended an invitation to my friend to attend if he can.

At my meeting with company officials on November 8, I emphasized very strongly to the company the importance of maintaining good communications with their employees, not just at the beginning but throughout the entire notice period. On my initiative and subsequent to the initial exchange of correspondence between the company and the union to which the member referred, the company undertook to meet with local union officials on a regular basis to discuss issues of concern to their members such as termination dates and benefits. I understand that one such meeting has already taken place.

As I have previously mentioned, the company has agreed to help its employees by participating in various adjustment measures. Both the manpower adjustment committee program in which my ministry participates and the province's job counselling program will be available to all employees affected by the closure. Both of these programs should be established early in the new year.

I want to assure the honourable member that I and my officials will be monitoring this situation very carefully during the next several months and will be working closely with both union and management to assist the employees.

Employment standards: Mr. Mackenzie raised the issue of the closure of Do-Tan Manufacturing Ltd. and made an appeal for legislative changes to protect employees' wages and benefits in the event of a company going bankrupt or becoming insolvent.

As I stated previously in my opening statement and in my reply to Mr. Mancini, this issue is of major concern to my ministry. We appointed a commission of inquiry in June of this year, headed by Donald Brown, QC, to examine possible remedies within the jurisdiction of the province to secure the payment of wages and benefits in the event of a business failure. However, the consequences of the reintroduction of Bill C-12 by the federal Minister of Consumer and Corporate Affairs must be taken into account. I will be seeking Mr. Brown's advice with regard to this development.

Mr. Mackenzie also referred to the Grimsby Diesel case during his comments on plant closures and shutdowns. I would like to assure him that the ministry is aware of the situation. In fact, the employment standards branch issued an order to pay on November 16 for the net

amount of \$54,641, covering wages and vacation pay owing to some 16 employees. As the member notes, this company is no longer in operation.

In these cases, it is extremely difficult to secure even part of the wages owing to the employees. However, on November 24 the employment standards branch issued a third-party demand against Revenue Canada customs for the full amount of the order to pay. I am pleased to report there appears to be a good chance of Revenue Canada honouring the demand and of our recovering the wages owing to these displaced workers.

Turning to professional strikebreaking, in the course of his remarks last week, the member for Hamilton East (Mr. MacKenzie) alleged that the recent amendment to clause 71a of the Labour Relations Act to prohibit professional strikebreaking was ineffective to protect trade unions and striking employees from interference by security firms during a lawful work stoppage.

I recall that the honourable member stated he was still waiting for legislation to deal with improper activities committed by security firms. I would suggest a closer examination of the newly enacted section because it does provide definite protection against a wide range of misconduct, whether committed by a participant in a dispute or a third party to the work stoppage.

In essence, this section creates two distinct unfair labour practices. First, it contains a particular prohibition against strike-related misconduct occurring either in anticipation of or during a strike. In order for conduct to constitute strike-related misconduct, a threefold test must be met.

There must be a course of conduct or pattern of behaviour as opposed to a single or isolated example of misconduct. The course of conduct in question must constitute incitement, intimidation, coercion or any of the other enumerated forms of misconduct. The conduct must be intended to interfere with exercise of rights under the act. Any person who engages in this type of disruptive behaviour may be charged with an unfair labour practice.

Second, the section also forbids any person to act as, or any employer to engage the services of, a professional strikebreaker. The term "professional strikebreaker" means a person who is not directly involved in the labour dispute, but whose primary object is to interfere with the activities of one of the direct participants. The

Ontario Labour Relations Board has the authority to determine whether a person's intention was to frustrate the exercise of any right under the act.

Actual interference with strike activities is one basis from which a person's primary intention can be inferred. It appears to me that the section also creates what may be described as a status offence. In other words, it may well be that the touting or advertising of services aimed at subverting legitimate trade union activity might be found to be a contravention of the section.

This brief summary demonstrates that statutory protection does exist against much of the misconduct Mr. Mackenzie has described. I am particularly surprised by his complete dismissal of a piece of legislation which has yet to be applied by the labour relations board. I think the bill has deterred and will continue to deter misconduct which can only escalate and prolong collective bargaining disputes.

The Central Precision dispute was cited by the member as an example of improper interference by a security firm in a lawful labour dispute. In particular, the member made reference to camera surveillance, deliberate attempts to intimidate and the active involvement of security personnel in swearing information against individuals on the picket line.

The member knows these events occurred prior to the introduction of the anti-strikebreaking legislation. Deliberate acts of provocation and intimidation committed since the enactment of clause 71a may be the subject of an unfair labour practice complaint. Conduct that goes beyond the legitimate protection of property and is directed at subverting trade union activity is now clearly prohibited by the Labour Relations Act.

Mr. Mackenzie raised the dispute at Shaw-Almex Industries Ltd. with particular reference to the role of the police. As the member is aware, the directing of police activity in this province is the responsibility of the Solicitor General (Mr. G. W. Taylor) and not the Minister of Labour. Accordingly, I am not in a position to confirm or deny the allegations the member made. I do know, however, that my colleague the Solicitor General is sensitive to the interests of all parties and recognizes the need for discretion on the part of police who discharge duties in connection with a work stoppage.

Prior to and during the course of the dispute at Shaw-Almex, a senior mediator from my

ministry made a serious effort to assist the parties to achieve a settlement. The mediators met with the parties last week and, apparently, reported that some progress was made. I understand, however, that the parties remain far apart on certain critical issues.

Last Wednesday the member stated that the police had made over 700 visits to the picket line at Polysar Ltd. in Cambridge and suggested this was evidence of police bias in favour of the company. Once again, I would advise the member that the appointment of police forces in this province is not the responsibility of the Ministry of Labour. The dispute at Polysar persisted for over three months, during which time mediators from the ministry did convene a number of meetings. I cannot, however, verify the frequency of police visits nor speak to the rationale for such visits.

With regard to the dispute at Indalex mentioned by Mr. Mackenzie, I understand a security firm has been retained by the company. As I stated earlier, there is nothing improper in an employer retaining a security firm for the purpose of protecting his property and personnel. Should the activities of the security firm stray to subverting legitimate trade union activity, the prohibition in clause 71a of the Labour Relations Act would, of course, apply. In passing, I would like to advise the member that the mediator in this dispute met with the parties last week and is remaining in contact with a view to providing such further assistance as may contribute to the resolution of the dispute.

10:20 a.m.

Mr. Mackenzie suggested he thought it would be useful for officials of the Ontario Federation of Labour to address police officers during their training on a regular basis. I agree that presentations by the federation's officials could prove to be extremely valuable in preparing a new officer for one of the more difficult assignments he or she is likely to receive. I will be advising the Solicitor General of my views on this matter.

In his remarks last week, the member expressed serious concern about developments at Irwin Toy Ltd., which have resulted in the termination of the United Steelworkers of America's bargaining rights. Of particular concern, the member speculated that the company would ultimately dismiss the employees who participated in the first agreement strike.

I would like to remind the member of the ministry's extensive efforts to assist with the conclusion of a first collective agreement at Irwin Toy. When a determined attempt at

mediation proved unsuccessful, a disputes advisory committee was appointed, consisting of Mr. Terry Meagher, secretary-treasurer of the Ontario Federation of Labour, and Mr. Robert Joyce, a well-known industrial relations consultant. I believe this team was instrumental in assisting the parties to reach a settlement.

The member stated that it may have been preferable had no agreement been reached rather than the bargaining unit being lost in a decertification proceeding. I doubt the member is serious in this statement. The critical objective after acquiring bargaining rights is to establish a first collective agreement. This objective was achieved with the assistance of the ministry and the disputes advisory committee. In so doing, all that was possible was done to create the conditions for a lasting bargaining relationship.

The bargaining rights of the United Steelworkers have been terminated in accordance with the procedures of the Ontario Labour Relations Act. Clearly, these proceedings were the appropriate forum in which to put forward any allegations of anti-union conduct by the company. Relief will also be available at the Ontario Labour Relations Board to any employee who may be discharged in the future because of his or her participation in trade union activity.

Mr. Mackenzie questioned the propriety of the board's involvement in the judicial review proceedings before the Divisional Court in respect to the Inflation Restraint Act. As I am sure the member knows, the board was appearing in a proceeding challenging its decision in the Broadway Manor Nursing Home case. The member also knows that the board is an independent administrative tribunal and, as such, his questions would be more properly addressed to the chairman who will be attending these debates this morning.

Mr. Mackenzie referred to the recent incidence of contracting out service work in area nursing homes. I am extremely concerned about the personal hardship experienced by the displaced employees and the longer-term labour relations implications of such arrangements. I have met on this issue with the Canadian vice-president of the Service Employees' International Union. I can assure you I intend to monitor further developments very closely.

As the member knows, the service employees' union has commenced a series of labour board proceedings relating to the contracting out of work previously performed by their members. A number of the sections of the

Labour Relations Act have been raised in these proceedings.

Since this matter is before the board—in fact, today—it would be inappropriate for me to comment in any further detail at this time. I understand the prehearing conference has been scheduled for today and the hearings themselves will commence tomorrow. I look forward with great interest to the board's determinations in these complaints. I can assure you the ministry is examining the broader implications of this matter.

Those are my comments, Mr. Chairman.

Mr. Mackenzie: Just very briefly, because I think we should get into the votes, I was pleased to have the minister refer at some length to the question of the 32-hour week. It is one of the potential answers to a problem I think is going to increase rather than decrease with industrial employment and, indeed, not only industrial employment in the province.

In terms of his comments on the cost-benefit analysis—and I think at the time I said these were some discussions and musings we had done—we recognize and want to make very clear, as the minister probably knows, that we understand there are many questions that have to be asked.

The reason we spent some time on the cost-benefit analysis is simply that almost the sole reason the ministry had for dismissing the question we raised a year ago was the potential costs of \$11 million to \$14 million. The minister will understand that was the reason we went through a fair exercise of trying to outline some of the tradeoff costs that might be involved and not because we did not realize there is a hell of a lot more to the issue than just that particular point.

I have not as yet seen a more comprehensive potential answer. The point I am making is why I think this ministry has to spend a fair amount of serious time on this question. There are also a number of things that could be referred to as a result of your comments, but I have to take a bit of exception to Irwin Toy Ltd.

Certainly it went through the time frames, the decertification and all the steps you said. I guess they did get a first contract; but it is a little superfluous if a good deal of the strikers never got back to work in the first place and if from day one the unit was undermined by nonunion personnel from the other plant.

It just makes the whole exercise a bit of a joke, and I think that angle should have been discussed at greater length as well.

Mr. Haggerty: Mr. Chairman, perhaps I could follow up on some comments raised by the minister this morning with the member for Hamilton East concerning reducing the work week to 32 hours. I have some difficulty following that train of thought.

From my experience, and I am speaking from personal experience, I remember a few years ago when I was involved with unions and their activities and we went out on strike for 40 hours a week. The excuse at that time was that it was going to create more jobs; it may have, but it may not have.

I find in many cases if you talk to local contractors throughout the riding of Erie, electricians and carpenters in particular are looking for odd jobs. Their biggest complaint is that since they have gone to 40 hours, those persons who are still within the industry are out moonlighting and cutting the price to do a job.

If you reduce the work week to 32 hours, I do not think it is going to create any more jobs. It will perhaps create more moonlighting than ever before.

If the ministry were to move into the area of reducing the work week to 32 hours a week, then I think we had better have some other legislation saying you can only have one job. The key to spreading jobs around is not to create any more moonlighting, which goes on with a great number of employed persons.

At General Motors of Canada Ltd. in St. Catharines, there are men working today in certain departments of the plant, in particular in the engine department, about six or seven days a week. They have been doing that for years, yet a number of persons are unemployed within that industry waiting for a callback.

If everybody stuck to the 40-hour week and cut out the overtime, jobs would be made available.

Speaking for my area, I know there are plants that do not want to put the third shift on, but will work two shifts with perhaps longer hours to maintain the productivity of the third shift. That goes on day after day. I would suggest to the minister that we should be looking at this area.

The 32-hour week is a good thing to look at and say we are going to create jobs for everybody, provided you do not have the moonlighters holding down two jobs.

The other area I want to talk about is plant closures and shutdowns. I do not think the government is really taking a look at the adversity of these plant closures. On the select committee dealing with the Inco layoffs back in

1977, my colleague talked about the serious impact they had upon the communities. We look just at the loss of tax dollars and the loss of income to employees. I do not think we really looked at the adverse effect upon family life itself and the difficulties that many encountered.

10:30 a.m.

I can think of one person who had worked 30 years with Inco. He had about two or three years to go before he would have reached the factor of seniority plus age 55, that magic number so you can get your pension. He was caught in the area where he could not draw his pension. In other words he has to wait some 12 years until age 65 before he can draw on that pension. He suffers a loss of income for that period of time and it is difficult to get a job. The emotional effect upon him is that he is almost at the point of a nervous breakdown.

The examples go on and on of persons who have had a number of years' seniority but who have been put out to pasture by plants that have closed down or because of cutbacks in the industries. It is difficult. They become depressed.

I do not know whether your ministry has made any studies in this area. Have you looked at the question of suicide? Has the suicide rate climbed? Has there been an increase in it? We are almost looking at an area of occupational health. It is another occupational disease in a sense. Those persons who have had a nervous breakdown, functional overlay or who are emotionally upset over the loss of their job should be compensated by the industry.

I do not know whether you have done that but I was just thinking that—

Hon. Mr. Ramsay: Mr. Haggerty, maybe I could just interject for a moment.

Yes, we are doing studies of that nature. During his comments last week, Mr. Shardlow outlined those studies. He would be happy to provide that information to you.

Mr. Haggerty: There was a study done by Harvey Brenner, an economist at Johns Hopkins University. He had this to say:

"There is a correlation between losing a job and suffering emotional and physical problems.

"For each one percentage point rise in unemployment, suicides go up 4.1 per cent, 5.7 per cent more people die in homicides, 4.3 per cent more men and 2.3 per cent more women are admitted to state mental institutions for the first time and 1.9 per cent more people die of heart disease, cirrhosis of the liver and tension-produced diseases."

The study goes on to enumerate the difficulties encountered when there is a plant closure and layoff involving long-term employees. I was delighted to see yesterday that the Ministry of the Attorney General brought in an amendment to the Family Law Reform Act. Now the spouse will be able share some of the benefits of that pension plan, which I think is good.

The government should be looking at the situation of people who have worked in an industry for years and have locked in pensions. There is very little in here about that. Under the circumstances today, it is difficult for a person over the age of 50 to pick up a job. It is more difficult for the person between the ages of 16 and 24 to get a job.

I suggest to you that perhaps your ministry is going to have to set up special counselling in this area of layoffs and shutdowns.

Hon. Mr. Ramsay: Mr. Haggerty, again this is something we covered. I appreciate that you were not here for the session last week, but we do have special counselling services. Mr. Shardlow could provide you with all that information. We have quite extensive programs in that respect.

Mr. Haggerty: I understand you do have a certain amount of counselling for persons who are laid off, but there should perhaps be a continuing program, not just for a period of two or three weeks or a month after a plant has shut down. You are going to have to reach out more to those older persons who require more assistance.

I have raised this problem and suggest to you that there has to be a better understanding between management and government in this area and more involvement than ever in tripartite discussions.

I suppose the minister is well aware I introduced my private member's bill, an Act to amend the Labour Relations Act. It would permit persons who are not in a union the right and access to the Ontario Labour Relations Board when there is a grievance. I think there is more need of this type of legislation today than ever before. In fact, it might even be in concert with the Charter of Rights and the new Constitution.

Many persons today, with the difficulties out there, are given little notice of a layoff; I am talking about persons not in a union, who have no access to the Ontario Labour Relations Board for a proper hearing. This government should be moving in that direction to provide everybody with that opportunity. Today it is difficult.

I have had it brought to my attention that in an industry in my area, a white collar person who had worked for 32 years walked into the plant one morning at 9 o'clock and at two minutes after 9 the general manager or personnel manager came in and said to him, "Your services are no longer required." There was no warning whatsoever. This is what many white collar people are being subjected to today. They need to have some place where somebody can hear their grievances.

I feel that as tough as it is out there, with competition for jobs and industry itself needing to be competitive, employers are taking a hard-line position to cut corners wherever possible. It is hitting the persons who have worked for an industry for a number of years. I feel they have been unjustly dealt with in a number of cases. More so than ever before, your ministry is going to have to come into this area with legislation so there is some protection for those persons. I hope you will take a look at Bill 31 and consider it, because I think it has merit.

In the depressed state of this economy, and with what is taking place in industries today, when a layoff comes and industries cut back in payroll and staff—you name it—there has to be something to provide protection for persons who may have a genuine grievance so somebody will hear. I suggest to you that everybody should be entitled to his day in court through the Ontario Labour Relations Board.

Mr. Mackenzie: It seems like we are continually going around the same old merry-go-round, and in terms of plant closures we have had enough bad examples of the attitude of some of the companies. Even the letter from Allen Industries that I read into the record is not one I would have been very happy to have received had I been the plant chairman of that unit last time around.

Is the ministry taking any look at all at any new or adjusted procedures or requirements on notice, justification or responsibility? Are we sitting on the status quo, or are there any actual plans to try to give some additional input to workers in a plant shutdown and closure situation? The minister keeps rejecting our suggestions of some kind of justification procedure, or community adjustment funds, or advance notice periods. Has he any better ideas, or is this an area where the government feels it cannot provide any protection, period?

Hon. Mr. Ramsay: The answer to the first part of the your question is in the affirmative. The ministry has said—in fact, I believe it was

part of the throne speech—that we would be reviewing plant closure proceedings and their effects. I must be honest with you and state that this review does not include justification legislation.

I happen to feel there is a balance that has to be maintained in this province if we want to attract industry and be competitive with the adjacent jurisdictions. I would like to think that we can obtain the necessary justification. Rather than by legislation, we can obtain it by the consultation we have with the various plants when they do make a decision to close or to rationalize their operations. I think we have been relatively successful in that respect.

10:40 a.m.

There have been some, as you know—Consolidated Bathurst was one—that gave us some problems, but we did prevail and we managed to be able to send in a representative from our ministry and a representative from the Ministry of Industry and Trade to examine their statements.

We haven't struck out too often in this respect, and I am uncomfortable with the prospects of legislation that would necessitate full disclosure.

Mr. Mackenzie: We are in the process now of trying to do a pretty effective rundown on what exists in much of Europe. It is obvious there is more advance notice, more justification and some very tough proposals in some of the European countries. It does not seem to be an issue they fear as much as we seem to fear here. I cannot understand why we are so negative about some kind of justification procedures.

Hon. Mr. Ramsay: I am going to ask Mr. Armstrong to make a comment or two. I am not going to ask him to defend or to speak for or against justification legislation; that is not his role.

Mr. Armstrong has just returned from Europe; he was on a visit to three countries with the Quality of Working Life Centre. On that trip were representatives from labour and from business. It was a very successful trip in terms of exchange of information and in terms of an opportunity to study some of the things you are referring to. Maybe, Mr. Armstrong, you would consent to saying a few words.

Mr. Armstrong: I should make clear that the purpose of the trip was not to examine the plant closure legislation in Sweden, Austria and West Germany. Rather, the purpose of the trip was to look not only at the quality of working life

experimentation but also at ways in which labour, management and government were tackling common problems in what appeared to some of us to be a more rational and effective way.

I think we did learn that the prevailing mood over there is not unlike the mood here. It is one of concern to get out of what has been a very punishing period of two or three years. I think I can say that in a general way the emphasis there, as I think it is increasingly here, is on survival in an increasingly competitive international marketplace.

What struck me was that there were not any problems expressed in ideological terms. There is a rather pragmatic approach being taken on all sides and a tendency to put controversy on the back burner for the time being and to see what economic and social policies make sense in terms of the recovery.

Generally speaking, and I do not have the specifics with me, I think I can agree with you, Mr. Mackenzie, that originating in the 1960s and in the early 1970s, I guess, in the case of Sweden, there is plant closure legislation—as there is in West Germany; I am not sure about the Austrian situation—that on an objective analysis is more rigorous in its requirements with respect to things like justification. Indeed, there are provisions that require employers to sit down and discuss the reasons.

I am not sure, however, that the end result is very much different from what it is here. My experience, like the minister's, has been that most companies are active because they want to be in business, because they want to make a profit and because they want to employ people. The decisions to close are not usually quixotic decisions or not based upon some analysis of the business situation. You may not agree with it, but they are usually decisions based on a rationale that is defensible from a business point of view.

Our experience has not generally been that there is reluctance to discuss the rationale. We may disagree with it, we may quarrel with the business and commercial assessment, but generally speaking the employers have been prepared, in meetings that we have had, to lay the situation out. Sometimes it appears a little bit cold and calculating, but the situation is usually explained quite fully.

Other than that, I do not think I have much to add to what the minister says, except to say that legislation originating very largely in the 1960s

and the early 1970s in Europe is in fact different from ours in ways that you have expressed.

Mr. Mackenzie: Mr. Chairman, just before we leave the vote—and I am just about prepared for it; I do not know about the other party—I want to reiterate a point we had made early on, because I had missed two particular sheets here, and that is to ask the minister to take a good look at the kind of staff that is available within the employment standards branch to handle the number of problems.

The case I had agreed to raise concerns this chap who had gone to the Liberals and to his Tory member regarding a dispute over one and a half weeks' wages. He is in Agincourt here in Toronto. This was back in March 1983, but at the time he said that when he went into the employment standards branch he was told it would take three to four months before a field officer could be assigned to investigate.

For all I know his case may have long since been taken care of. The six-week period I was given in Hamilton is a little less than that and may even indicate that things are improving. But I think when a person has a problem, one and a half weeks' wages that had not been paid, he certainly wants action more quickly than the three or four months or even six weeks that we have had raised with us, so I hope you will look at it.

I had also agreed with my colleague Ed Philip that I would raise an ongoing problem he has had. I raise it simply because I have had the same thing, but I am not sure it is totally your ministry. It is the question of the number of people working for the Liquor Control Board of Ontario who are on part-time or temporary staff.

In this case my colleague had raised the issue of three employees who had been on a part-time basis, although usually about 37 hours a week, for 16 consecutive months. There is a loss of some of the benefits they can be entitled to as a result of this lengthy period on part time, and I think it is a misuse of people to keep them as long as 16 months as part-time employees. If it is not directly under your ministry, I think the principle certainly comes within the Ministry of Labour.

I had a letter, which I think all of us had; I think a number of them came in from American Can workers. I would like to quote what this young chap says.

"May I implore your assistance? As a recently unemployed worker of the American Can Co. I am protesting with great frustration the meth-

ods used by American Can to terminate my employment and 60 per cent of the litho department.

"After 18 years of loyal service as a skilled lithographer, the company saw fit to dictate eight weeks' notice in lieu of severance payment. All requests for job placement in other areas of the plant have been denied, as well as job transfers to the Whitby plant. American Can Co. offers no job training, no compensation of any sort, compassion of any sort and no compensation.

"In my job search I have found only closed doors and intense frustration. I have given wholly of myself to American Can for 18 years. They gave me eight weeks' notice.

"An immediate reply would be greatly appreciated."

I have been talking to this chap from time to time because he is in my riding. He has now finally got employment at about half the rate at Camco, and I have doubts how long that particular operation is going to last at the current level of employment. I think it indicates also a frustration with just exactly how the companies deal with people.

The final point I wanted to make has to do with a letter I got from a chap who was writing on behalf of his father who was working in a nonunion plant and works more than 40 hours a week.

Incidentally, I have no difficulty in agreeing at least with the one part of my colleague Mr. Haggerty's comments about the overtime. I think we should be taking a serious look at the amount we do allow even now. I do not think it takes away from the argument for a shorter work week at all.

In this case this chap says his dad, who did not want to be identified, gets overtime only after working more than 42.5 hours and he consistently works over the 40 hours. Inasmuch as our legislation requires overtime after 44 hours per week, he wanted to make the point with us that I should be pushing, we should be pushing and he would hope the government would be considering overtime after 40 hours.

10:50 a.m.

Maybe one small step towards a shorter work week would be to put 40-hour legislation in place. The minister is aware that I have moved that bill myself on a number of occasions. It is federal legislation to have overtime after 40 hours rather than 44. It might be a first very small step towards taking a serious look at the problem of spreading work around. I would

raise those final points just in hopes the ministry would take a serious look at the problems raised in those four cases.

Mr. Haggerty: I want to raise one more question. I have a note here from my colleague the member for St. Catharines (Mr. Bradley). It concerns a person working part-time at General Motors in St. Catharines. She has worked there for two years but is still considered as part-time employee because she is hired through another agency. I believe it is temporary manpower people who hired her.

In reading the notes I have before me it is hard to conceive that this type of a business is still being carried out in Ontario. I thought those days had gone. I think back a few years ago to where if a person had a job he had to pay somebody to maintain that job.

This woman earns \$8 an hour but collects only \$5 an hour. She receives no fringe benefits whatsoever. She has worked two years and is considered as a temporary employee. But to have \$3 taken off her income because she is hired through another agency, through a contract, she has very little protection under it.

I can recall years ago when I had this brought to my attention. That is one of the reasons unions became very active in Ontario, because if you wanted a job you had to pay a supervisor or foreman part of your weekly income for that protection. It seems this practice is being carried on now on the backs of employees today. To allow \$3 to be taken off her wage is absurd. I do not know what the minister's feeling are on this. Has his ministry done any studies in this area? Things are tough out there, but to have somebody saying, "Because we hire you on a contract basis with an industry, we want \$3 of your hourly rate." That is almost 50 per cent.

Hon. Mr. Ramsay: Mr. Haggerty, if Mr. Bradley will write to me of the circumstances, we will be pleased to look into it.

Mr. Haggerty: He has a note in here saying Susan Jostman of the ministry's office called him in connection with the question asked. Per their instructions, he says: "It is a pretty firm thing that when a person takes a job of a nature that it could be temporary for an indefinite period of time, then it is a matter of abiding by the agreement of the contract and it remains temporary help. As it says, that is the contract. As far as legislation is concerned, that is the way it is set up and therefore both company and temporary services must go along with it." Mr. Bradley told the part-time worker, "As far as I

know, there is nothing that can be done short of a change in legislation and that takes a long time."

Hon. Mr. Ramsay: Perhaps we could, with the permission of the chairman, have Mr. Scott of the employment standards branch respond to that

Mr. Scott: Mr. Haggerty, I am not aware of the case. I note you referred to the wages as being \$8 an hour. To clear up any confusion on that, the \$8 is the income to the firm. The wage on which the employee would pay tax would be the \$5 an hour. I do not think, in all fairness, you could construe the \$8 as being the proper wage to the person. The hourly employee, that person, is the employee of the temporary help agency. They work on the premises of GM, but in no sense are they considered an employee of GM.

It is an industry in the province that is fairly large and employers use it for specific reasons to fill the needs that arise sporadically. You are talking of a person whom you claim has been there for two years steady, I gather.

Mr. Haggerty: That is right.

Mr. Scott: Under the present legislation, she is an employee of the agency. We set the level of minimum wage; we do not prescribe anything beyond that as to the wage level. There are exclusions from certain benefits where the employee has the right to elect to work or not. She does retain that right as an employee of the agency. She works on that basis.

Mr. Haggerty: You did say it was based on a minimum wage of \$5, is it? How do you arrive at the \$5 figure?

Mr. Scott: That is a matter of negotiation between the agency and the employee, what the employee agrees to work for in the assignment of work. We do not have any control over that under the legislation. Nor do we have any control over what the agency charges in total to the firm it contracts to supply the labour to.

Mr. Haggerty: Would you not agree that \$3 taken off the \$8 is a pretty high service charge?

Mr. Scott: I have no comment to make on that. I think I would be getting into an area of management. I do not believe I have any right in there as the administrator of the act.

Mr. Haggerty: It seems to me this might get out of hand as jobs become tougher to pick up. If there is an agreement with the industry and temporary management hiring practices that involve a contract with another employee, it

could go from \$8 to \$4. The agency could be walking away with 50 per cent of the person's income.

Mr. Scott: It is not the person's income, though. That is the point I want to make.

Mr. Haggerty: The rate is \$8 an hour and the person gets only \$5. It could go down to \$4, and that is a form of blackmail.

Mr. Scott: I recognize what you are saying, but we have no control over that.

I do want to make one point here very strongly. A lot of people, particularly females but some males in the province, prefer to work under this arrangement for their own personal convenience. It is a big industry in the province. There are housewives who certainly cannot take full employment and prefer to work part time, so that they have the right to choose, on any particular day, to work or not. It is not just a one-sided thing, the way you are looking at it. There are benefits for the employees who work in that industry, as well as benefit to the employer receiving the service provided.

Mr. Haggerty: You have not heard of any abuse in this area then?

Mr. Scott: It is an area that people certainly question, but there is very little abuse as far as I am aware. We get very little in the way of complaints from people who work for the industry on that basis.

The Vice-Chairman: We have three more votes to do this morning. I think Mr. O'Neil had a little wee thing he wants to bring up.

Mr. O'Neil: I was interested in Mr. Armstrong's comments about his trip to Europe. Mr. Armstrong, are you preparing any report yourself to the ministry, something you could possibly share with the members of the Legislature so they might be aware of what is new or current in that area?

Mr. Armstrong: Yes. Perhaps I should expand a bit since the trip has been mentioned. Participating in the trip were most of the members of the quality of working life advisory committee of labour and management. I have corresponded with the participants and we already have a 40-page document that analyses some of the things we observed. As recently as the night before last we had our first formal debriefing on the trip.

11 p.m.

I have no objection whatever, through the minister, to sharing with anybody what we observed but, in fairness to the members of the

committee of labour and management, I would like to get their concurrence. Subject to that, I think it would be of interest to everyone to know the result of our experience; what we saw and what we observed and, indeed, what we concluded about what we observed. I would make that one qualification as a matter of protocol and in fairness to the participants.

Mr. O'Neil: Maybe we could ask the minister if he would consider that. Having been vice-chairman of the plant closures committee, I would be interested in any information I could get.

I would also like to make a very short comment. Sometimes we can be critical of the minister and the ministry. I would just like to mention one circumstance that happened in my riding some months ago with regard to a possible closing of the Pyrotenax of Canada Ltd. plant in Trenton.

We received 100 per cent co-operation from the minister and his staff, especially Mr. Ray Illing. He agreed to come down and spent all the time that was required working with both the management of the factory and the union. It was resolved and that plant is still open, getting back towards full employment. I would like to thank the minister and staff for the co-operation we received in our area in that circumstance.

Hon. Mr. Ramsay: I appreciate that. Mr. O'Neil has already written to me in that respect. I took the liberty of passing his comments along to Ray Illing, who is most appreciative as well.

The Vice-Chairman: Are you not glad I got the member on the agenda now?

Hon. Mr. Ramsay: Yes.

Vote 2305 agreed to.

On vote 2306, manpower commission program:

Hon. Mr. Ramsay: Mr. Chairman, we have Dr. Alan Wolfson, chairman of the Ontario Manpower Commission, and Mr. Barry Rose, director of the commission, here. They would be prepared to respond to any questions there may be.

Mr. Mackenzie: I had a brief talk with Dr. Wolfson about this last session. I just wanted to be assured he had been misquoted in that newspaper article I saw which credited him with saying that we would still need to import and could not necessarily train the skilled trades people. I was sort of shocked initially. I gather that was not a totally accurate news article.

Dr. Wolfson: Mr. Chairman, I am glad Mr. Mackenzie has given me the opportunity of

setting the record straight on that. It was not necessarily a misquote, Bob; they just left the second half of the sentence off.

What I said was there will always be circumstances where individual companies, because of pressing needs to bring in skilled labour not available in Ontario, will have to recruit overseas in order to ensure that production can go ahead and that other people's jobs are maintained. However, we cannot continue to rely on immigration as the primary source of skilled labour as we have done in the past.

The second half of that sentence was not included in the quote that was attributed to me in the newspaper.

Mr. Mackenzie: I told the minister last time that I would raise this. It may be handy for him prior to the meeting he has arranged with Allen Industries Canada, although this deals more with retraining or manpower problems, but I did want to put on record—and it is done in a very straightforward, quiet way—the kind of problem they have run into. Some of these have federal as well as provincial involvement, but I think it would be useful. This follows a meeting with some of the Allen Industries people and some of the executives over their efforts to start planning for the loss of jobs.

This letter to me from David Pendlebury, plant chairman, and Dave Christopherson, president of Allen's unit, Local 525, simply says:

"Enclosed please find the documentation you requested at our November 4, 1983, meeting. Our apologies for the lateness, however, we are sure you understand the time priorities when involved in a full plant closure.

"As one of our major problems was comprehending all the ins and outs of the various government programs, we would recommend checking out the details before using them.

"The dates, times and contents of the meetings are correct and have been verified by our notes and correspondence."

I think I will go through it. It is only three short pages, but it tells a story that is a little bit disconcerting:

"Dave Pendlebury and Dave Christopherson met with Vince Iantomasi (John Munro's assistant) in Munro's Hamilton office with regard to the fibre division closure of Allen Industries and one of his suggestions was job retraining. We asked if this could include the rest of the local and he replied it could.

"Met again at Munro's office. We had three representatives present and Munro's people brought in UIC and Mohawk College represen-

tatives. We advised them how many could possibly be involved from our local and what skills they had. We were advised of three types of programs: (refer document 'A'):

- (1) retraining;
- (2) apprenticeship programs ICI;
- (3) craft specialist.

"They also advised us that UIC extensions would only be available for individuals currently on UIC when they started the BILD program. We decided that since 95 per cent of our members were still on UIC and unskilled, that the BILD program, with the available academic upgrading and three week 'orientation to change,' would be the best route to go for our members.

"June 28, 1983:

"We met with our unemployed members at Mohawk College (600 letters sent out—refer to document 'B'—approximately 100 came out). The same information we received on June 15, 1983, was presented. About 60 per cent of those present signed the form indicating interest in retraining. Of this group, almost 80 per cent desired the three week 'orientation to change' program. The other 20 per cent were relying on the upgrading, if required, to bring them up to entrance qualification.

"Following this meeting we received numerous calls from members who had not attended the meeting, but had heard what took place and wished to be added to the 'orientation to change' program.

"Jim Webber and Vince Iantomasi advised Dave Christopherson, at a meeting at Mohawk College, that the provincial and federal governments had discontinued the funding that allowed BILD applicants to take the 'orientation to change' or any necessary upgrading. Everyone was still eligible, but would now have to pass the grade 10 or 12 equivalency test immediately prior to formal entrance into a retraining program.

"Not wishing to cancel out now, we decided to push ahead and enrol as many members as could qualify. Also, since there were not enough applicants for all the programs, we pared down the choices to four courses.

"A letter—refer document 'C'—was sent to those persons who indicated an interest in the 'orientation to change' or 'quality control.' Of the 55 people receiving the letter, 35 attended the meeting.

"The Mohawk instructors outlined the course and what it entailed—refer document 'D.' The question period that followed clearly showed

that the majority present did not feel they could handle the course.

"Only eight people signed to take the entrance test for this course, scheduled for September 2, 1983.

"Document 'E' was sent out to all 600 unemployed members, but only 60 turned out for that meeting.

"After outlining each of the three courses, 37 people signed up to take the entrance exam. Again, the qualification and course outlines had most people expressing they felt it was beyond their personal abilities to successfully compete.

"About this time we also brought in the Hamilton Union of the Unemployed, to offer them the opportunity to fill some of the seats that were still available—refer document 'F.'

"The eight people from the August 11, 1983, meeting wrote for their grade 12 equivalency—none passed.

"September 3, 1983:

"The other 37 UAW members, as well as the HUU members, wrote the equivalency test for grade 10. Out of this group and the group that wrote for grade 12—a total of eight passed for grade 10.

"Many people, prior to the test date, contacted us and advised they were not going to write the test, because they knew beforehand they did not stand a chance of passing.

"We contacted Gordon Dean, MPP, and advised him of our disenchantment with the results of our members' attempts to get into BILD.

"October 17, 1983:

"Dean's office called back and said Mohawk now had 100 spots open for academic upgrading. This was a federal program called technical upgrading program (TUP)—refer document 'G.'

"October 27, 1983:

"Following up on the information we received on October 17, 1983, we met again with Mohawk and UIC representatives.

"At that meeting however, we discovered there would be no UIC provided while taking this program and anyone currently receiving benefits would be disqualified. What was offered was a pittance of a training allowance. Realizing very few people would or could take this program with those limitations, we took the entire matter to someone who could possibly help."

I am really not able to do a hell of a lot of helping in the situation, but I think you can see there was a hell of a lot of frustration and yet

there were some really serious efforts by a lot of people to do something about the situation.

What I am raising with you is where the hell are we in terms of these programs? They certainly were getting almost nowhere.

Dr. Wolfson: Mr. Mackenzie, I am not familiar with the details of this particular case although I will be happy to look at that correspondence and get back to you on it.

There are two general comments I would like to make about where we are. One relates to the provision of academic upgrading or skill upgrading programs.

11:10 a.m.

Last year there was a new National Training Act passed and a new national training program put into place, by which the federal government shifted its orientation from its traditional emphasis on academic upgrading and skill development to the provision or support of training programs for high-level industrial skills.

Critical trade skill training is the cornerstone of this approach. This was part of a general orientation towards the needs of the labour market, rather than the particular needs of people who were being laid off, or were out of work for other reasons.

The province, at that time, although expressing some general support for increasing the level of activity in high-level industrial skills training, expressed its concern about any abrupt diminution of the academic upgrading programs. There are a host of acronyms, but the two most commonly used are basic training for skill development, BTSD, and basic job readiness training, BJRT. Those are the two main vehicles, along with English as a second language, which is a very important ingredient, particularly for immigrants.

Nevertheless, there has been some reduction in the federal government's levels of support for these kinds of programs. It has been moderated by virtue of the negotiations we are currently engaged in with the federal government. We have stressed the importance of continuing those activities, and we have been somewhat effective in maintaining their levels, or at least mitigating the effects of shifting into the higher level areas. Nevertheless, I think it is fair to say that one of the consequences of this kind of reduction is the case you are citing.

The province, in its most recent budget, moved to try and redress some of this on its own account, by introducing its own technical upgrading program, geared towards raising the

qualification levels to grade 10 or grade 12, as the case may be. This is particularly targeted at women, who constitute the largest need group in this particular area.

The bottom line, Mr. Mackenzie, is that we have been cognizant of this problem. We have been using our good offices with the federal government to try to get them to maintain their levels of support, as much as possible, and, in certain circumstances, we are now moving with provincial dollars to support these training activities directly.

The second issue you raise is with respect to unemployment insurance support for people taking these courses. The act and regulations governing unemployment insurance indicate anyone on unemployment insurance can continue to receive unreduced benefits for up to two years, as long as they are enrolled in an approved training course. The approval is conditional on the judgement of a Canada Employment and Immigration Commission officer.

By administrative ruling, CEIC has determined it will approve training courses for the purpose of maintaining unemployment insurance under section 39 only for high-level skill courses and not for academic upgrading, in particular BTSD courses. This is a matter of great concern to us, so much so in fact Dr. Stephenson has recently written to Mr. Roberts indicating our concern about the situation and encouraging him to change the administrative rules with respect to section 39, to allow people who need academic upgrading and can be enrolled in those programs, with federal support, provincial support, or their own resources, to continue to receive unemployment insurance benefits.

We have not, as yet, received a reply.

Mr. Mackenzie: I can appreciate what you are saying, Dr. Wolfson, but to cut through it all, it is simply not good enough to be put in a position, once again, where we are arguing more than anything else who the hell's fault it is, provincial or federal. The fact is—as that outline, very well done by the local union, points out, with its dates, meetings, and the efforts they went through—that in talking to both federal and provincial people, they went down one road or another and ended up at a dead end in every single one of them.

The only thing we really seem to give these people when you get a plant this size and this type of a total shutdown is, "Well, we will try to get in some programs," or, "We will try to get in

some retraining or some upgrading," or whatever the case may be.

I do not know a better example than that outline of what they have gone through. I can tell you, the frustration at the meeting was pretty total. That is why I am hoping there can be a look at some of this before your meeting with them, because we are not answering. The one avenue we have is not working for the workers.

Hon. Mr. Ramsay: I agree completely with what you said in that respect. We will follow up. Mr. Shardlow has left. He was here a few moments ago on the plant closure matter.

Perhaps, Dr. Wolfson, you would be good enough to consult with Mr. Shardlow and then get back to me prior to the meeting that I will be having with Allen Industries, which will be some time next week. The exact date has not been set as yet.

Dr. Wolfson: I certainly will. I have just one last comment. There was, prior to a year ago, some difficulty in placing victims of plant closures into training directly without having them join the end of a queue that was, in some instances, very long and taking their place with other people who have been laid off, not through any plant closure but simply through other circumstances.

The province did negotiate with the federal government the setting aside of moneys out of the national training program allocation specifically to support training for victims of plant closure. I would hope that we could use those moneys in instances such as this to accommodate the training needs of the victims of this plant closure.

The Acting Chairman (Mr. Gordon): Any further comments?

Mr. Haggerty: I would just follow a question through to the doctor here this morning. I am familiar with the basic job readiness training program in my own area. It is rather difficult; you take those persons who have been laid off through a plant closure and you get them off the street for a period of about five or six weeks, but that is about all it does.

The problem is you can do all the retraining that is necessary, but when you have a depressed economy the jobs are not going to be there, are they? It is that simple. Unless you can turn the economy around you are not going to have the jobs made available.

Job retraining programs perhaps will be the key to the future here in Canada. I know both

levels of government have been into this particular area. You have to replace the obsolete skills of a person who is laid off through a plant cutback in employment or a shutdown.

Then again, you are going to have to deal with the technological revolution. That is where the big pushes by government in the United States and Canada are now. We are going to have to have higher-skilled tradesmen in industry, particularly in microelectronics. There are robots on the assembly line and so forth, but that is going to take jobs away. We are perhaps going to lose more jobs this way as we advance into this new technological area.

I think there have been studies made in the United States in which they figured that by the year 1990 perhaps 50 per cent of the work force will be further laid off, or there will be a loss of jobs through this change. I do not know what the answer is. Perhaps I do have some of the answers to it, whether the government is willing to listen or not.

I think we are going to have to have a national industrial policy that is not going to be just for Ontario. It is going to have to be for all 10 provinces. We do have a mobile work force in this country, so people are going to have to travel to where the jobs are to get them.

I suggest to you that we need that major retraining program and the special skills that are going to be required for this area.

I think particularly of the new plant facilities in the paper mill in Thorold, where they had to upgrade their industry in a sense and bring in modern equipment and higher technology. Where they had about 600 or 700 employees, they are now down to about 300 to become more competitive. It has increased the productivity with fewer man-hours, but you are putting about 400 persons out of work.

This is going to continue as you get into this area of technological revolution. To be competitive, it is a route you have to take.

11:20 a.m.

I do not know what you are going to do with all those persons who are going to be seeking employment, particularly the young people between the ages of 16 and 24.

I was listening on the radio to the news from the Niagara region. It is a crisis situation with the young unemployed in that area. This government is going to have to take the initiative and create additional jobs, not in a specific industry but in areas that can improve the quality of living here in Ontario.

I should have been in at the Ministry of

Natural Resources estimates this morning, but I switched to the standing committee on general government. MNR now has a massive program for growing seedlings for reforestation. I think of the program in the United States carried out back in the depression years when President Roosevelt had the civilian conservation corps established. Great numbers of unemployed went out and one of the programs they went to work on was reforestation.

They are on their second and third cutting. In Ontario we are not even on our second yet and we are running short of areas for the forest products industry in Ontario. I suggest to you that is an area where you could put quite a few young people to work. It would not be for one year but it would be long term, perhaps two or three years.

It is amazing. With modern technology it is possible to go in with a machine, strip off a tree like nothing and cut it up into the lengths required. While going in to get the choice crop the companies are looking for, that machine destroys about 300 or 400 young trees which have to be replaced somehow. I suggest this is an area we should be looking at.

I think you are also going to have to look at some of the obsolete manufacturing plants we have in Ontario. There should be investment in machinery to upgrade their productivity. Those replacement machines should be manufactured here in Canada or in Ontario instead of being purchased off shore.

I can recall the days when I worked in the industry. Every time you wanted to bring in a paper machine it was never made here in Ontario. It was made in the United States, Holyoke, Massachusetts, I believe.

Hon. Mr. Ramsay: Holyoke, Massachusetts, yes.

Mr. Haggerty: That is right. I remember installing a number of calenders in different paper mills throughout Ontario and gloss coaters and machines of that nature. We can do some of the manufacturing here, but the biggest part is manufactured offshore. That is an area in which the government is going to have to take a lead.

We have the Japanese and their technology; they should come with their designs and build their machines here. We can do it.

I think of Hamilton; at one time that area used to be a great place to buy machinshop equipment. Blades were manufactured there and milling machines and shapers. Where are

they now? They are probably imported. I suggest to you that is an area to explore.

The field of energy self-sufficiency can provide long-term work projects and should be looked at by both levels of government. I think of a pipe mill located in Welland; one of the most advanced large-pipe manufacturing mills in the world, and it is sitting idle.

Yet this government is funding Suncor. The investment in Suncor could have been put into building a pipeline to bring Arctic gas to Ontario. Perhaps then we could have cheaper energy here and could get some of the industry moved back into this area. We could say, "Yes, we have cheap energy here to help you in your productivity."

This is a long-term job creation program, not six months or six weeks. We are looking at maybe 10 or 15 years.

We should be spending money in that area even if we have to float debentures or something to finance such a scheme with the private sector—the free-enterprise system as we call it here. These are the areas this government is going to have to look at to create the jobs that are necessary to give these young people an opportunity to be employed here.

This makeshift program of six weeks of basic job retraining is just a program to say, "Here, we can help you fill out a form for a job application." However, when the jobs are not there, it is money down the drain. Maybe we should be making a joint effort by both levels of government to create long-term employment.

Much as we are getting into the technological area here—the revolution, if you want to put it that way—I feel we are going to have to find permanent employment for those persons who would never be working in that industry. That is where the problem is. I suggest to you that we should be looking at an area of this nature.

I suggest there are the pipelines and the steel industry which would be manufacturing the steel for this industry. Of course, there is an alternative, they are building ships and bringing compressed gas to the Arctic islands up there. It is only good for about three months of the year, but all of that will be going for export. I do not think that is going to create the jobs. If you build a ship, it is only good for about 30 years, too. There is going to have to be some maintenance on the pipeline. In Ontario, we have \$16.5 million invested in the Polar Gas pipeline now.

Hon. Mr. Ramsay: Mr. Haggerty, not to be provocative at all, but—

Mr. Haggerty: The minister is never provocative.

Hon. Mr. Ramsay: The Algoma Steel Corp. in Sault Ste. Marie is having serious problems. The result of that is the highest unemployment rate in Ontario at the present time. There are very severe problems for the workers in the community, as my colleague the member for Algoma (Mr. Wildman) and I know only too well.

Algoma Steel was in the process of building an extension to their tube mill at a cost of several hundred million dollars. They did have a tube mill; they were expanding it and modernizing it. They had to stop because of the recession. They had already spent something like \$350 million on it. The tube, which is used in the oil industry, is the highest profit item on their product line. It is extremely important to the operations of Algoma Steel and, therefore, to our community.

I guess the point I want to make—and I am taking a roundabout way of doing it—is that before Algoma Steel can finish that tube mill, before they can produce the tube to sell at a comfortable profit in order to keep that mill going, there has to be a resumption of the oil discovery business and a look at the national energy policy in this country.

This is one of the things that is hurting us at the present time. We have the cart before the horse, so to speak. We have to have the exploration program before we can sell the tube or the pipe, or the things which you have been describing very articulately here this morning.

Mr. Haggerty: We will have to get together on this thing. You and I are in the same stream of thought, I guess.

Hon. Mr. Ramsay: Yes.

Mr. Haggerty: I raise to your attention, though, that with the manpower facilities we have here and the training programs, we are going to have to do more than that. We are going to have to create the jobs out there where perhaps the private sector has not come through.

One area is the pipeline industry. As you mentioned, it was for creating jobs for the steel industry here, to keep our employment here in Canada, jobs going down in this area. If we have to bring energy in by ship, we are going to lose those jobs. Jobs are going to be exported.

As my colleague the member for Sudbury East (Mr. Martel) often says, more of the refining for the nickel industry should be done in the Sudbury basin. I do not have to tell the minister the difficulties that Inco was faced with

and I have the same problem with Inco operations in Port Colborne. Even with Algoma Steel operations shut down in Port Colborne, there have been a number of jobs lost in that area.

I suggest we are going to have to have some creative thinking here to create new jobs and new types of industries which are required to maintain a healthy economy.

11:30 a.m.

Mr. Mackenzie: Just before we pass the vote, I have one curiosity in terms of the budget itself. Can you tell me why there is a substantial decrease in supplies and equipment from \$156,000 in 1982-83 actual to an estimated \$47,300?

Dr. Wolfson: You are seeing the effects of a generalized government constraint program.

Mr. Mackenzie: If you are able to reduce it that much, what the hell were we spending and buying last year? I have not seen anybody yet who has been able to cut a budget by two thirds.

Hon. Mr. Ramsay: The manpower commission's operations were relatively new at one time. There could have been some startup costs there; I am not sure.

Dr. Wolfson: Minister, I think that is exactly right. I can get back to you on the precise breakdown for that budget item from the one year to the next, but there were some startup costs involved in moving into new premises and expanding those to facilitate the transfer of staff to the commission.

Vote 2306 agreed to.

On vote 2307, human rights commission program:

Hon. Mr. Ramsay: Canon Purcell, the chairman of the Ontario Human Rights Commission, is here today, as is Mr. George Brown, the executive director, and Dr. Bhausheeb Ubale, who is race relations commissioner. There is other support staff from the commission here as well.

Mr. Brown is on my left, Canon Purcell in the centre, and Dr. Ubale is on the right.

The Acting Chairman: All right, gentlemen, you may proceed. Mr. Haggerty, do you wish to begin?

Mr. Haggerty: I was supposed to have some information here, but I do not have it. Perhaps we should have John Bulloch here; we could open up a discussion, couldn't we?

Hon. Mr. Ramsay: How about Claire Hoy?

Mr. Haggerty: Yes, Claire Hoy. Who is Claire Hoy?

I could start off with a question to the chairman of the commission. How many hearings have you had this year on certain cases, that is the number of cases and in what areas? I do not see anything listed here.

Mr. Brown: Are you talking about boards of inquiry or about the number of complaints?

Mr. Haggerty: The complaints, the hearings you had before the commission. How many landlords have you had before the commission, for example?

Mr. Brown: I have a breakdown here with the number of cases. There are 831 cases.

Mr. Haggerty: With the Ontario Human Rights Commission, we have the new Charter of Rights, the new Constitution and so on. Are there any conflicting areas that may cause some difficulty with your functions, or is there a possibility there should be a combination of the two here? Perhaps we could cut down on some of the red tape people may encounter, if they have a grievance against a government or in certain areas such as legislation or regulations.

Mr. Brown: I am sure there may be some conflict with the code of the Charter of Rights. However, it is not an immediate issue before us. I know the ministry has looked into this and the Attorney General (Mr. McMurtry) is doing some research on the area. That is for 1985; but that is not currently an issue before us.

Canon Purcell: April 1985.

Mr. Haggerty: It will be April 1985. That is when everybody will have equality before the law. I was just wondering if there is some area there that may be—

Canon Purcell: I think that because our code is updated it will not have to have any major revisions to it to comply with section 15. Many human rights codes in other provinces will have to be updated, so that they will cover the basic areas: the handicapped, for example. Because of our new legislation, I think we are going to be right up to date with the charter.

Mr. Haggerty: Then we will not be seeing any amendments to the human rights bill, will we? Are you proposing any amendments?

Canon Purcell: I do not think we will have to. No major ones.

Mr. Haggerty: You don't?

Mr. Armstrong: Mr. Brown mentioned that the Attorney General's ministry is conducting a systematic review of all legislation, including the Human Rights Code, in anticipation of April 1, 1985, in order to determine what changes, if

any, are necessary to bring Ontario statutes into conformity with the provisions of the charter.

It may well be that there are some provisions of the code which may be contrary. To take a random example, it has been suggested that the failure to extend unrestricted protection in respect of age in the Human Rights Code may be contrary to the provisions of the federal charter. Age is now defined as 18 to 65, and the question—

Canon Purcell: This is in employment.

Mr. Armstrong: Yes, in the employment context, as opposed to elsewhere, where it is unrestricted. The question has been raised, "Does this limitation in the definition conform with the Charter of Rights, or does it not?"

That is the kind of thing that is being looked into. In due course, the Attorney General will be expressing a final view on these various outstanding issues and, if necessary, amending legislation will be brought forward. That is an example. There may be others in your code, but I am not at the moment aware of them.

Mr. Haggerty: Are there any other troubled areas in your act, that may not conform to the new charter?

Mr. Brown: This is our counsel, Ms. Herman. She may be able to touch on that.

The Acting Chairman: Ms. Herman, would you introduce yourself for the record, please?

Ms. Herman: Certainly. My name is Thea Herman, and I am legal counsel with the commission.

The code has certain exceptions to it. For example, one may discriminate on the basis of sex where it is reasonable and bona fide. People are suggesting that any exceptions might be challengeable under section 15 of the Charter of Rights. However, the Charter of Rights has a general exception section, which talks about reasonable limits.

We will have to wait and see what is going on and, as the deputy minister pointed out, the Ministry of the Attorney General is looking at the various exceptions in the code, in the light of section 1 of the charter, to determine whether the limits that are set out in the code are reasonable limits under the charter.

Mr. Haggerty: So there will be some areas that will be looked into perhaps in some detail?
11:40 a.m.

Canon Purcell: There is to be a federal-provincial consultation of ministers in charge of human rights, to meet prior to April 1985. The

ministers in charge of human rights from the provinces and the territories met in September, and will be meeting again to look into this matter, so that all jurisdictions will have to comply with section 15.

Mr. Haggerty: I note on page 100: "A landmark decision was handed down by the Supreme Court of Canada during the fiscal year 1981-82. Two firefighters alleged that they had been released from their employment upon reaching the age of 60, which was a condition of employment under the collective agreement.

"In an appeal to the Supreme Court of Canada, it was claimed by the municipality that the mandatory retirement age was a bona fide occupational qualification. Whether the court held that to be bone fide, these qualifications must be applied in good faith and be reasonably necessary to ensure proper job performance."

How am I to interpret that? Does that mean employment cannot be terminated at the age of 60, then? Is it 65?

Canon Purcell: The code protects you up to age 65.

Mr. Haggerty: The code does, then?

Canon Purcell: If you are able to perform the essential functions of your job, you are protected to age 65. That legislation takes precedence over any collective agreement, or any other—

Mr. Haggerty: Have the municipalities been informed about this?

Canon Purcell: Yes.

Mr. Haggerty: How was it accepted by them?

Canon Purcell: I would not say that they were 100 per cent enthusiastic.

Mr. Brown: Some cases were brought before the commission, subsequent to and before the Supreme Court decision involving the municipalities.

I think we are still discussing the implications of the decision for some of the termination problems they have. They are still terminating firefighters at age 60. There is some ambivalence with respect to that decision, as they see it, for their firefighting outfits.

Mr. Haggerty: Is there any other area of essential services where this decision will apply to your code? I am thinking about policemen. I understand that at one time they had to retire at 60. Now they can be—what, 65?—based on yearly medical examinations, I guess. So that has been changed also as it relates to the police?

Mr. Brown: Yes.

Mr. Haggerty: That is for municipalities, and does this include the Ontario Provincial Police, too?

Canon Purcell: I think so.

Mr. Haggerty: That is all police departments.

Mr. Brown: Yes, age 65. It is conditional upon the person being able to perform the job. It is a functional age, not a chronological age. You cannot conclude that age 60, chronologically, is arbitrarily applicable to all your workers. You have to be sure they are functionally incapable of performing the job before you can terminate them.

Mr. Haggerty: Does that include the area of their vision? The reason I raise this question is that I have had a couple of cases in the past number of years where students were enrolled in universities and colleges, in criminology, and then were turned down when they sought employment within a police department or a police force because they wore glasses. It did not conform to their safety requirements.

You can be hired in the police department as a cadet or an officer, and if you require eyeglasses after working there for two, three, 10 or 20 years, you can continue working in the police department. But any new applicant for a job in the area of policing is denied the right to become a member of our police department because of wearing eyeglasses.

Mr. Brown: The handicap provision of the code will probably take care of that situation, provided the person is able to do essential duties. That has to be examined to determine what constitutes the essential duties of a policeman. If they consider 20/20 vision is an issue, then they have to so demonstrate. I do not think they can arbitrarily say, "No eyeglasses."

Canon Purcell: I just came back from speaking with the fire chiefs of Ontario. Thea Herman and I went to Gravenhurst to the fire college recently and we were discussing this matter.

If you need glasses after two years as a firefighter, then your job is protected. However, the problem is in seeking employment as a cadet. This is a matter that we have under serious consideration at this time.

Mr. Haggerty: You have not brought a decision down?

Canon Purcell: We have not had a complaint.

Mr. Haggerty: You have not had a complaint? Then I should send it to you.

Those are all the questions I have.

Mr. Mackenzie: I was given a note by my colleague, Mr. Renwick, who has been corresponding with Andy Brandt over the status of any studies that might be under way in the Ministry of Labour pertaining to mandatory retirement. I notice a note here on the bottom of one of the letters from Mr. Brandt back to Mr. Renwick which says:

"With respect to retirement behaviour and demand for postponed retirement indicators, it is the Ontario Manpower Commission's intention to explore the data base generated by the long-term study on ageing undertaken by the Ministry of Community and Social Services and now by the seniors secretariat. A third component of our study entails the development of future scenarios which will explore trends and retirement behaviour for varying economic and policy environments.

"We look forward to tabling our report in late summer of this year."

On the Ontario Manpower Commission, he started out in his letter by talking about questions that had been raised during debate on the Human Rights Code. Has that report been filed?

Canon Purcell: I think you will have to speak to the minister about that.

Mr. Armstrong: The reference to that was made briefly, I think, in the minister's opening statement. I can say that the Ontario Manpower Commission is, in fact, still reviewing the matter. I personally know they have had a preliminary discussion on the very detailed document which required an adjournment, and I know they are going to have a further discussion at their next meeting.

In his opening statement the minister referred to the fact there was some new census material that came in that was regarded as relevant to the inquiry. Dr. Wolfson wanted to include that in the material he had put before the commissioners.

I can say I was present during part of the initial discussion, and they are very much into the variety of problems associated with both sides of the mandatory retirement issue. I think it is fair to say that he expects to be able to forward the commission's advice to the minister, I would say within a matter of weeks.

Mr. Mackenzie: So the short-form response is that late summer is going to be early spring, from what you are saying.

Mr. Armstrong: I would think that is probably accurate, yes.

In fairness to the commission, and I attended the discussion, the commissioners are putting

their minds to the question in a very serious way. I do not feel at all apologetic in saying that the matter has been delayed because I do know that they are wrestling with a very difficult topic.

Mr. Mackenzie: If it is going to the minister in a matter of weeks, when is it likely to be tabled?

11:50 a.m.

Hon. Mr. Ramsay: It is difficult to say, but I do not intend to sit on it for any lengthy period of time, I can assure you of that, Mr. Mackenzie.

Mr. Mackenzie: I have two things I wanted to raise. One is just to get an idea—and I apologize that I have not been doing the looking I should have done at the background information that might have given it to me. What is the time frame now for handling human rights cases?

Canon Purcell: About 50 per cent of our cases are now handled within a six-month period, and this is a considerable improvement over our past performance.

Mr. Mackenzie: I know it was one of the complaints we used to get.

Canon Purcell: I used to hear a few years ago that it was "no use going to the Human Rights Commission, it will take you five or six years; you will be dead and gone before they will be able to look after your case." I have made something like 300 public appearances in the last 12 or 14 months and in all of those public appearances I did not hear that message any more. This is very encouraging.

Mr. Mackenzie: You say 50 per cent are handled in six months. What happens to the remaining 50 per cent?

Canon Purcell: I suppose they vary.

Mr. Brown: I think 25 per cent now take over 12 months and another 25 per cent between seven and 12 months. However, we are still working on the problem of reducing the turnaround time, as we call it.

In that respect, we have just got some more staff, even though this is a manifest restraint of time, and that is predicated upon the fact we are convincing the powers that be that it is necessary to reduce the turnaround time because of the volatility of a lot of these complaints. We are working on that problem.

Mr. Mackenzie: How long were we involved in the sex discrimination case of the foreman—what was his name?

How long were we on that? It was in the newspapers for a long while, I noticed.

Mr. Brown: I think it was about two years before the hearing and the hearing took about

37 days. The decision was brought in within the statutory time limit because the board chairmen are now required to report within 30 days of the hearing. Because of the public interest involved in that one, I think it came in under 30 days after the hearing.

Mr. Mackenzie: Why would a case that was so obvious, at least in the public perception, with so many women claiming sexual harassment, have taken quite so long to go through the procedures?

Mr. Brown: I think essentially it was a very complex case, as the number of days of hearing manifests. Several attempts had been made to conciliate the case and there were numerous problems with it. It was very complex. Incidentally, you may not be aware that there are some other cases awaiting decision, coming from the same outfit. But you may be aware that decision has been appealed and therefore—

Mr. Mackenzie: How long is the appeal procedure likely to be now?

Mr. Brown: Again, I cannot hazard a guess on that one. Once we get into court we have no way of predicting with any certainty when it will be heard.

Mr. Mackenzie: I wonder if the minister is satisfied. I presume his answer will be no, but he can comment.

Even with the improvements in the time we are taking to handle cases—50 per cent in less than six months is certainly encouraging—when you get 50 per cent from seven months to over a year, and when we go through as long a procedure as we did in the DeFilippis case, it raises some concerns about the adequacy of response to what can be some volatile situations.

Hon. Mr. Ramsay: I recognize that. You have to bear in mind that the new code has increased the work load and it has taken a while to adapt to that, but I feel the commission is adapting, and adapting very well.

We were very pleased to get Management Board approval for the positions that were in question, and the credit for that must go to Mrs. Burak, who is here today. It is rather difficult these days, as you can appreciate I am sure, to get approval from Management Board for permanent staff positions. It is an indication that Management Board recognized the problems and agreed with the ministry's presentation that we required this type of assistance in order to improve our service.

I think Canon Purcell would like to add to that.

Canon Purcell: On behalf of the commission I just wanted to go on record as saying how pleased we are with the increased staff and how essential they are to our work. As you said, with the increased coverage of the handicapped, some of this protection of the handicapped is very sophisticated and complicated work, and therefore I think it is going to take some time to develop all the skills we need. But I am convinced we are moving very well in improving the turnaround time.

Mr. Mackenzie: What happened with respect to increased staff? I see that you are looking at the coming year with something like a \$9,000 increase. Even restricted to four per cent or five per cent wage benefits, that probably represents a reduction in your budget for salaries and wages.

Hon. Mr. Ramsay: Mrs. Burak can answer that question.

Mr. Mackenzie: Are we going to see some cutting back? Did we overstaff even with this long delay? What is going on?

Canon Purcell: They are sending everybody up here now.

Mr. Mackenzie: Have we got all the staff we need and yet we are still this far behind? Why is there no increase whatsoever in salaries and wages in the budget?

Mrs. Burak: I will answer those several questions, Mr. Mackenzie.

I believe the first one was what was the actual staff increase. It was nine.

The \$9,000 figure you are looking at is a comparison of the actual expenditure in 1982-83 versus the printed estimates. The reason it would look as if the commission had been overspent relative to allocation in 1982-83 is that we were able to give them moneys over and above their allocation in that year for the new code introduction; they had some temporary staff, some unclassified staff. That is why it looks small.

Their actual increase, estimates to estimates, was \$391,800.

Mr. Mackenzie: I take it that you have reached a stage now, however, where there is no intent to add any further staff, so what has to be done with this kind of backlog is the mechanics of how you are handling it.

Mr. Brown: Mr. Mackenzie, let me just give you a comparison. In 1982-83, 43 per cent of the cases were complete within six months, 20 per cent between six and 12 months, and 37 per cent

over 12 months. Since April 1983 we have effected an improvement here: 53 per cent within six months, 21 per cent in six to 12 months, and 26 per cent over 12 months.

Mr. Mackenzie: Are those the latest figures?

Mr. Brown: That is right. So we are working as you can see—

Canon Purcell: Seventy-five per cent within a year.

Mr. Brown: That is right; and with the increase in staff that we have now, combined with the internal efficiencies we are trying to effect in the system, I am sure we will improve this turnaround time quite a bit.

12 noon

I am not saying that I am seeing infinity here.

Mr. Mackenzie: I just have one other point I want to raise. It is a specific case, minister. Mr. Brown, I think, is aware of it.

That is the case of Bruce Nantais, of 337 Vansitmart Avenue, Hamilton, who is an employee of Tricil Ltd. I have the document you sent me on the case which covers the events up until late October with a note that the complainant had also been met with on November 1, 11 and 13.

I am not sure if you are aware of it, but there has been an incident since where Mr. Nantais claims his truck was overloaded without his knowledge. As a result of his unloading it to meet the requirements, he was suspended without pay for a number of days, and also given a note that the very next offence, whatever it is, will result in his dismissal.

Mr. Brown: Yes.

Mr. Mackenzie: I find it a disturbing case, quite frankly. It is difficult to cut through some of the feelings that have built up—almost a paranoia in some cases.

I have talked to Mr. Nantais on a number of occasions. He relates a lot of his problems back to the fact that he is a Mormon, and to some of his church activities in the community.

My own personal assessment is there is not much doubt that there is a fairly continuing pattern of harrassment going on there. I can understand it would be very difficult to deal with.

I am wondering exactly how you go about resolving a case like this, if that is possible, and how the case can be affected when you continually have these new incidents or charges being laid. He is now in a position where the very next episode sees him out of a job, period.

It will be appealed. I gather he has a pretty good chance of winning the layoff without pay as a result of, in effect, not breaking the law in terms of the load on the truck.

When you get sides split—and I know they're split there, within the union, within the employees—some for and some against, it is not easy. I do think there is something seriously wrong in this case and I am wondering how you're going to handle it.

Mr. Brown: Mr. Mackenzie, since we have spoken about that one, I have had further discussions with the supervisor and the officer in Hamilton. They are equally concerned about the complexity and the tensions around this complaint on both sides—in the company and to some extent within the union.

My note indicated the complainant has filed a formal complaint, I think perhaps as a result of the overloaded truck incident.

Sometimes in a human rights situation we have to resurrect someone called Solomon. We're confident we will be able to assist in the case. To that extent, we have indicated to the supervisor, given your interest in the matter and the seriousness of it, that he should make it a priority.

I am told they are going to mark that case with red flag so they can get it out. I think the longer we have those cases—given the undercurrents involved—the more problems that can ensue.

Mr. Mackenzie: I think what has happened here is that it has built up to the extent that it is almost impossible to deal with some of the people involved.

Mr. Brown: That is right.

Mr. Mackenzie: There is a gentleman whose livelihood is at stake, and he is the one—even if he brings some of it on himself—who is the target of some fairly considerable criticism.

Mr. Brown: Yes. I can assure you it is being actively pursued.

Mr. Mackenzie: My concern is the stage it has reached in the last week or two, with the dismissal threats.

Mr. Brown: Okay; as soon as I get back to the office I will bring that up again with the supervisor to see if I can get it out of the way before further damage accrues.

The Vice-Chairman: Anything else on vote 307?

Canon Purcell: Minister, I hope I may presume, on your behalf and on the Premier's behalf, to remind everyone that next week is the

beginning of Human Rights Week. The minister and the Premier (Mr. Davis) will be unveiling a commemorative human rights document next Monday afternoon at 1:15 p.m. and I invite you all to this very important ceremony in honour of the 35th anniversary of the universal declaration of human rights. Thank you.

The Vice-Chairman: Thank you, Mr. Purcell. Vote 2307 agreed to.

On vote 2308, labour relations board program:

Hon. Mr. Ramsay: Yes, Mr. Chairman, we have George Adams, the chairman; Harry Freedman, the solicitor; Mr. Aynsley, the registrar; Mrs. Meslin—all are here to respond to any questions, providing any information possible.

The Vice-Chairman: Thank you, minister.

Interjection.

The Vice-Chairman: There is certainly no problem with the way the ministry is handling them, obviously.

Mr. Sheppard: How many cases do they handle a year, approximately?

Mr. Adams: Approximately 3,000 matters. In fiscal 1982-83 I think the total case load handled, or cases received plus those carried forward from the following year, totalled 3,189 cases.

Mr. Sheppard: If there are any that you turn down, do they go to the Ombudsman then?

Mr. Adams: We have an ongoing relationship with the Ombudsman, primarily in relation to what are called section 68 cases—individual employees complaining about trade union representation, fair representation. A large percentage of those cases are unsuccessful before us and those individuals then go over to the Ombudsman.

In the last fiscal year we had seven complaints that we had dealt with filed with the Ombudsman. The Ombudsman found that all of them were unsupportable and that our action was proper in the circumstances as far as his mandate was concerned.

Mr. Sheppard: So your record was pretty good. Thank you, Mr. Chairman.

Mr. Haggerty: I just want to ask one question related to the labour relations board program vote 2308.

I noticed that there is a substantial increase, over \$1 million, from the 1981-82 estimates to 1982-83. That seems to be well above the five per cent restraint guidelines. Is there any explanation for that?

In 1981-82 it was \$2,809,000; in the 1982-83 estimates it was \$4,030,000.

Hon. Mr. Ramsay: I believe Mrs. Burak can respond to that.

Mrs. Burak: I believe the changes between 1982 and 1983 were \$217,000 for salary awards and in this fiscal year the board was given an additional \$80,000 in direct operating expenses to cover the cost of increased travel. Another \$20,000 was for the employee benefit portion of the salary awards.

I believe the only increases from 1981-82 to 1982-83 would be salary awards.

12:10 p.m.

Mr. Haggerty: Then no additional staff were hired?

Mrs. Burak: No.

Mr. Haggerty: No? Because it seemed to be above the five per cent guideline.

Mr. Adams: There was a net reduction in staff.

Mr. Haggerty: Net reduction? How many?

Mrs. Burak: Two.

Mr. Haggerty: Two? Is it within the five per cent guidelines?

Mrs. Burak: Oh, yes.

Mr. Haggerty: It is, is it?

Mrs. Burak: The salary awards for civil servants are set by the Civil Service Commission.

Mr. Haggerty: But they are within that five per cent restraint program?

Mrs. Burak: Yes.

Mr. Haggerty: Okay.

Mr. Mackenzie: Mr. Chairman, I want to get rid of a couple of small things first. I really only have one concern. This may have been settled, so I am simply asking.

I have an old case in my current year's file and it has to do with the matter, back in April and May, of the dismissal of a number of women members of the United Electrical, Radio and Machine Workers of America at the subsidiary of Magna International Inc., in Richmond Hill—Rollstamp Manufacturing Ltd. was the plant, I think. Has that case been resolved, or where do we stand on it?

Ten of those dismissed filed a complaint with the Ontario Labour Relations Board in November and December 1982, and one hearing has been held so far. May 29 and 26 are the dates set for the next hearing. The women are not being represented by the union, but rather by Maria Rodriguez of the Working Women's Commu-

nity Centre. I did not have anything further on it. I am wondering what happened with that case.

Mr. Adams: My recollection—and we will follow this up and provide you with our copy of the actual decision—is the matter was pursued before us to conclusion. My recollection is only one complainant was involved and the complaint was dismissed as unfounded.

I handled the certification application where the UE had sought certification of three plants in the Richmond Hill area. It has one bargaining unit and we held there had to be three separate units. The result was the UE was successful in only one of those plants.

This was a complaint that arose out of, I believe, one of the other plants where the UE was not issued a certificate. The vice-chairman who handled the matter was Gail Brent. We will get a copy of that decision for you, Mr. Mackenzie.

Mr. Mackenzie: I would appreciate it. My fact sheet on it simply says the union lost its second and final vote at Rollstamp in December 1981. Subsequently, UE gave the plant up as a lost cause. Six months later 22 pro-union workers and one nonsupporter were permanently laid off when a complete section of the plant was closed.

Prior to the dismissals, a dozen or so Oriental women and several others known for their anti-union feelings had been transferred to other jobs. Ten of those dismissed filed a complaint with the OLRB and one hearing has been held so far. I was concerned with what had happened to the womens' complaint file.

Mr. Adams: The registrar advises me his recollection, as well, is the complaint was dismissed. Although it was treated as an unfair labour practice layoff it was not substantiated. The board was satisfied there was no anti-union animus.

Mr. Mackenzie: The remaining concern I had—and it is something I raised in the opening statement, and obviously from the minister's response you people feel a little bit different about it than I did or some of my colleagues when I raised it—was simply the comments in the report of the Labour Council of Metropolitan Toronto.

To repeat it:

"During the Supreme Court hearing the Ontario Labour Relations Board, a supposedly neutral body, tried to convince the justices that the right of workers to organize and collectively bargain is not a fundamental freedom.

"The board's position was: 'It is submitted that the guarantee of freedom of association in subsection 2(d) of the charter does not extend constitutional safeguards to the right of a bargaining agent to represent the members of the association . . .

"It is further submitted that notwithstanding that the Inflation Restraint Act may abridge the right to free collective bargaining and the freedom to strike, the guarantee of freedom of association is "far from empty of worthwhile content," that trade unions remain free to carry out their "social, benevolent, charitable and political objectives.""

They make the comment that, "It is offensive to this labour council that the labour relations board argued that workers do not have a fundamental right to freely organize and collectively bargain."

I am not sure the last part of your comments actually square with some of the comments of the three judges either. I was a little surprised that the board was making this argument and taking this position on the restraint legislation.

Maybe it is because in the last few years we have had, very frankly, a few decisions that have been pleasant and we sort of look on the board as the one avenue—and the minister keeps telling us it is—where we can look for some justice.

Admittedly, I come from a point where I do not think there was much justice in the restraint legislation, period. I am wondering at the reasons for the board intervening in that case.

Mr. Adams: The history of the board has been to appear before the court when its decision is challenged, to speak to the issue of jurisdiction.

In all cases we retain outside counsel to respond to any challenge to our jurisdiction, and we have done that historically, because we say that the statute is imbued with a public interest that often is not protected as best it might be by party litigants. They have their own tactical and particular interest in any individual case, and the court ought to hear from the board about overall policy considerations that drove the board to do what it did in interpreting the legislation.

So in literally all cases we attend before the court with counsel and speak to issues of jurisdiction, whether the applicant is a trade union or an employer. We retain very good counsel to do this for us.

The charter is being cited by both employers and trade unions to strike down portions of our

statute. One of the first cases where the charter was used in this way was by an employer arguing with the reverse onus provisions on the unfair labour practice complaints, where an employer must come forward and establish that he has not violated the act, because of the difficulties trade unions often face in proving affirmatively that discrimination was the motive. It was argued that the reverse onus provision was contrary to the charter in that it presumed someone guilty and he must come forward and prove his innocence.

The board debated internally for some time whether it should pass on the charter at all—just maybe leave that for the courts and not get into any constitution-like decision-making on the application of the charter.

After some agonizing, Mr. Mackenzie, we decided that it was important for the board to speak on these issues. The court that would ultimately hear the case and have the true responsibility for applying the charter ought to understand the labour relations implications of the charter being applied in that way. What better body than the board to apprise the court of the labour relations implications of striking down this section of the statute and why that section of the statute was enacted?

12:20 p.m.

Having taken that position, we were then confronted in the next case, which was Broadway Manor, where the union was using the charter to attack a statute that we had a statutory obligation to apply, the Inflation Restraint Act. We honoured the earlier decision we had made and we rendered a decision on that issue.

We did not speak directly to whether freedom of association, within the meaning of the charter, equalled the freedom to bargain collectively, but we said even if it did, we did not believe that the restraint legislation interfered with the right to organize to such a degree that the charter would have application.

Now, that was not in favour of the trade union, in the same way that the Third Dimension case and the reverse onus was not in favour of the employer. It happened in Broadway Manor that the trade union took us to court. As we have a history of appearing to defend the board's jurisdiction and this was an attack on the board's jurisdiction, we spoke to the issue.

We had appeared in court on an earlier matter where the Court of Appeal had held that the charter did not equate freedom of association with freedom to bargain collectively, and we felt there was an obligation on the part of the

board to apprise this Divisional Court which was hearing Broadway Manor that we had appeared before the Court of Appeal and they had held this.

These are early and important cases where the court ought to have representations from everyone having an interest in these matters. This was a view that the board had taken as to the application of the charter—that there was not this equation between freedom of association and the freedom to bargain collectively.

I do not disagree with you that it was a little bit difficult for the trade union public to understand how the labour board, which is accorded the responsibility of husbanding collective bargaining rights, could be arguing in the abstract that collective bargaining rights are not sufficiently important to be enshrined in the charter.

We were not arguing that. We were not saying that these things should not be governed by the charter, but, we were looking at the wording of the charter and could not conclude on it—and reasonable minds differ—that collective bargaining rights had the protection of the charter.

Now, the divisional court found to the contrary and has instructed the board in another way. That matter is under appeal, but if that reasoning is sustained, then you will see quite a different approach by the board, both at the board itself and before the courts.

Mr. Mackenzie: I appreciate your comments. I think I understand the reasoning a little better. The problem, I think, is that, as the Premier is wont to say occasionally, perception is reality.

The immediate reaction I had—there may have been others who understood it better than I did—both from many of the trade unionists and some of the leadership within our own party, was that for once you had set yourself up, in effect, against, rather than on behalf of, workers.

It is the perception, I think, that came out of it. I do not know how else you could have handled it, in any event, but it certainly bothered me as soon as I saw it.

Mr. Adams: It bothered a lot of other people in the trade union movement. I received numerous cards and letters from those who were affected by this perception of fairly retrograde argument being taken by a board that is established to protect these rights.

It seems to me there was a legal issue as to the application of the charter. We had taken the position the Charter of Rights and Freedoms did not apply to assist an employer in a particular case before us. In the case of Broadway Manor

Nursing Home we held the Charter of Rights did not apply to assist the trade union in the particular matter. I think we were obligated to appear before the court in both matters if the went up to defend our decision.

Mr. Mackenzie: Whether I agree or not, I think I see the point you are making. It is, as I say, the perception is reality argument that bothered a lot of people.

One final point on this. I know you have responded to Mr. Philip on this matter, minister, but I know he has had an ongoing concern over—I think the easiest way I can do it rather than to try to do my own thing is to simply read his letter:

“A particularly despicable unfair labour practice at Toronto International Airport has recently come to my attention. I urge you to use your good office to see what can be done to protect workers from such behaviour.

“Briefly, security personnel at both terminal one and terminal two have been trying to organize themselves into a union with a view to increasing their wages (they are paid at the minimum wage) and to obtain greater job security.

“The federal Department of Transport and Air Canada contract with private security firms to meet their requirements at terminals one and two respectively.

“After finding out about the organizing drive Burns Security transferred some 80 or so workers from terminals one and two to other jobs during one 24-hour period on August 11 and 12. Many of these workers have still not started other jobs for Burns as of yet. It appears that the company's actions are a flagrant attempt to avoid the unionization effort.

“I am requesting that you do two things: First, will you investigate this situation with a view towards assisting the Burns' workers in securing their legal right to organize free from harassment? Secondly, will you contact the federal Minister of Transport and the appropriate Air Canada representative with regard to the negative impact their contracting out practices have on workers' rights to organize? Apparently security firms are replaced frequently via tendering, at least partly in an effort to depress wages and frustrate unionization.

“There are also indications that security at the airport has been compromised by Burns Security's recent actions which have necessitated the training of a large number of new personnel on the job.

“Some of these matters are in federal jurisdiction.

tion while others are in provincial. All are extremely serious and surely warrant thorough investigation and concrete action."

I do not know whether a case like that would come before the board. I do not have your response, although I was told that you had responded to it. I am just wondering if you have any comments on that case.

Hon. Mr. Ramsay: No, I do not have anything to add to what I said to Mr. Philip in my response. I do not know whether Mr. Adams would have anything to add or not.

Mr. Adams: There is apparently no com-

plaint before the board in relation to that matter.

Mr. Mackenzie: It would require a complaint for the board to be involved in it?

Mr. Adams: Yes.

The Vice-Chairman: Is that it on vote 2308: shall we pass that?

Vote 2308 agreed to.

The Vice-Chairman: Thank you very much. It is 12:30. We will recess until two o'clock and we will be on vote 2304.

The committee recessed at 12:28 p.m.

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Harris, M. D.; Vice-chairman (Nipissing PC)

Mackenzie, R. W. (Hamilton East NDP)

O'Neil, H. P. (Quinte L)

Ramsay, Hon. R. H., Minister of Labour (Sault Ste. Marie PC)

Sheppard, H. N. (Northumberland PC)

From the Ministry of Labour:

Adams, G. W., Chairman, Ontario Labour Relations Board Armstrong, T. E., Deputy Minister

Brown, G. A., Executive Director, Ontario Human Rights Commission

Burak, R. M., Executive Director, Finance and Administration Division

Herman, T., Legal Counsel, Ontario Human Rights Commission

Purcell, Canon B., Chairman, Ontario Human Rights Commission

Scott, J. R., Director, Employment Standards Branch, Program Analysis and Implementation

Wolfson, Dr. A., Chairman, Ontario Manpower Commission



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Labour

Third Session, 32nd Parliament
Wednesday, November 30, 1983
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 30, 1983

The committee resumed at 2:02 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR

(continued)

On vote 2304, occupational health and safety program:

Mr. Chairman: The meeting will come to order. Minister, I believe you had some responses to issues raised by Mr. Mackenzie?

Hon. Mr. Ramsay: Yes, they will be approximately 15 minutes total, in length, Mr. Chairman. No longer.

During the last meeting of this committee on November 23, 1983, the member for Hamilton East (Mr. Mackenzie) raised several matters relating to occupational health and safety. The points mentioned were the following:

The pace of regulating occupational health hazards.

Ministry action with respect to video display terminals.

Government policy relating to coroners' inquests.

The enforcement of the lead regulation at Stelco Inc.

And, the laundering of clothing for coke oven workers at Stelco.

Let me turn first to the member's dissatisfaction with the progress being made in relation to the designation of toxic substances. Since 20 pages of my opening remarks were devoted to the ministry's program for the control of toxic substances, I will confine my response to matters I did not address at that time.

I wish to stress at the outset that the development of occupational health regulations for the control of exposure to toxic substances in the work place is one of the most complex and controversial subjects with which a government in an industrialized society must deal. Not only must decisions often be made in a climate of scientific uncertainty, but exhaustive efforts must be made to ensure that all pieces of relevant information are considered from every interested party.

I have already pointed out in my opening remarks that this ministry has pursued an open

and consultative process for the development of designated substance regulations. Every effort is made to obtain comments from affected parties on the ministry's regulatory strategy and on the content of each proposed regulation.

The input received in the past has been extremely useful and has resulted in the development of more effective regulations.

The member will recall that a priority list of hazardous substances for appropriate control strategies was put together by ministry officials in 1978. Of the substances on this list, regulations are now in place for lead, mercury, asbestos, coke oven emissions, vinyl chloride and isocyanates.

The silica regulation has been approved by the Cabinet Office and will be filed within the next two weeks.

The special advisory committee on noise, a tripartite body established to consider important issues in relation to the draft regulation on noise, is expected to present its recommendations before year-end.

The priority list has been added to from time to time. The 1978 list contained 53 items, including one group of substances. The latest list contains 45 entries, describing at least 70 substances, or agents, which are believed to pose occupational hazards to human health.

At the time a substance was put on the list, information was not always known about its use in Ontario—how many workers are exposed in this province and to what extent. It has always been emphasized that inclusion on the list does not mean that a substance will be the subject of a designated substance regulation, but rather that it will be considered for designation after further information on its use in Ontario has been collected.

Any dates that have been provided in the past have been dates on which the ministry intended to commence the collection of further information, as opposed to a time frame for the development of a regulation.

Pending development of legislation regulating particular substances, workers are not left unprotected. Orders under section 14 of the act and section 145 of the industrial regulation are issued to protect workers from toxic substances.

Part IV of the act is devoted exclusively to the control of toxic substances. Section 20 grants to a director the authority to issue orders to control substances when, in his opinion, the presence or manner of use of a substance is likely to endanger the health of a worker.

While I acknowledge that the pace of developing the first eight designated substances proceeded more slowly than originally anticipated, this was largely a result of the simple fact that we were breaking new ground in the province.

Valuable lessons were learned that have now been applied to the second eight designated-substance regulations that are currently being developed. I wish to assure the member that, notwithstanding the difficult and important issues the designation of these substances has raised, these regulations will be completed and submitted to the Advisory Council on Occupational Health and Occupational Safety in a more expeditious fashion than was the case with the first set.

In this respect, I have every confidence that the regulations for arsenic, benzene, formaldehyde and acrylonitrile will, in all likelihood, be placed before the advisory council by the end of this calendar year. The regulatory strategy for the remaining four substances will be announced and presented shortly thereafter.

I also want to remind the member that, among provinces and foreign jurisdictions, Ontario is at the forefront in regulating occupational health hazards. The regulatory process may be time consuming but the nature of the task demands a careful and reasoned approach, which is ultimately reflected in the quality of the regulation produced.

In his opening remarks, the member for Hamilton East expressed concern about the ministry's handling of the issue of video display terminals. If the member were to specify the nature of his concern when the occupational health and safety division's vote item is considered this afternoon, I would be happy to respond at that time.

The subject of coroners' inquests was the next topic addressed by the member. He essentially put forward two proposals: First, that the Coroners Act be amended to require that an inquest be held for every industrial fatality; and, second, that local unions be granted standing at all such inquests.

The member also made reference to three tragic fatalities involving pusher cars that have recently been recorded at Stelco and Dofasco Inc. in Hamilton.

As I stated in the House on June 16, the

question of whether or not the Coroners Act should be amended is a matter for the Solicitor General (Mr. G. W. Taylor). Under the Coroners Act, an inquest must be called where a fatality occurs in the course of employment at, or in, a construction project, mining plant or mine. In all other cases it is left to the local coroner to determine whether or not to hold an inquest, and, if one is called, whether to grant standing to a particular individual or group.

Again, as I stated on June 16 I understand that a coroner will consider a variety of factors before deciding to hold an inquest.

Some of these considerations are: (1) whether the circumstances surrounding the death are obvious and the facts well known; (2) whether a recent inquest has been held on a similar incident; (3) whether any criminal charges are pending; and (4) whether the facts giving rise to the death are somewhat unique.

The decision as to whether the public interest would be served by the calling of an inquest is one that only the coroner can make after investigation. For example, if the coroner establishes that the cause of death was unrelated to the deceased's work, an inquest will generally not be ordered.

I would be pleased to further discuss the issue of mandatory inquests for industrial fatalities with the Solicitor General.

2:10 p.m.

I might add that, pending the arguments that might be put forward by the Solicitor General, I would in principle support the philosophy of having mandatory inquests.

Let me now take a few moments to comment on the tragic deaths of three coke oven workers—David Coon, Benito Ferrito and Marco Pejic. Investigations conducted by officials from the industrial health and safety branch have revealed that all three men were employed as sidemen on pusher cars. The evidence indicates, however, that different parts of the pusher car were involved in each fatality.

My officials advise that, on November 22, 1983, Stelco completed the installation of guarding on the door extractor. Isolation switches have also been provided in locations that are convenient to sidemen. These switches can be activated to prevent movement of pusher arms and door extractors.

In January of this year, guards were installed on the pusher car ram at Dofasco.

Despite the existence of guarding and a pusher machine safety switch at Dofasco, a second fatality occurred in September 1983.

The investigation disclosed that Mr. Marco Pejic, a sideman, was crushed between the pusher car and the bench guard rail when a second sideman restored power to the pusher car. Ministry engineers have been assigned to examine the feasibility of design changes to the pusher car in order to enhance operator visibility.

My ministry will give close attention to the recommendations of the coroner's jury arising from the Pejic inquest and will respond, as we always do, to the chief coroner with copies to the relevant worker-management committee, to the Ontario Federation of Labour and other interested parties.

The honourable member has also inquired about the enforcement of the lead regulation in three work locations at Stelco. Reference was made to the furnace and to the salvage shop. I am advised that the third area to which the member referred is the number one conditioning area, and that lead control programs are in place in all three work sites.

The supply and laundering of clothing are not expressly addressed in the lead regulation. The parties in the work place may, however, agree that provisions of this sort should be included in control programs.

I understand that on April 22, 1983, orders were issued under the industrial regulations for scarfers in the number 1 conditioning area to be provided with protective clothing that is both clean and fit for wearing. Management has appealed these orders, and I am informed that four meetings were held in an attempt to resolve this dispute.

During this period, Stelco management tested worker clothing for the presence of lead dust in an effort to assess possible health hazards.

I wish to assure the honourable member that my officials are continuing to work with labour and management representatives on this issue. Should the matter proceed to an appeal heard by a director, the disposition will affect further decisions regarding the safety and laundering of work clothing in other areas of the plant where lead is used.

The honourable member also raised the issue of the supply and laundering of protective clothing for coke oven workers at Stelco. I would like to provide members with some background information on this subject.

I am advised that on February 23, 1983, Mr. D. Fraser, chairman of the work-site joint health and safety committee, wrote to the director of the industrial health and safety branch regarding five areas of concern with respect to the

implementation of the coke oven emissions regulation. One of the points raised dealt with the responsibility for the supply and laundering of clothing to coke oven workers.

On April 27, 1983, the director informed Mr. Fraser that advice on this issue would be provided once a legal opinion and recommendations from the occupational health branch had been received. On September 16 and 20 of this year my officials met with representatives from labour and management at Stelco. The parties were advised that it is the responsibility of the employer to ensure that work clothing is provided and properly decontaminated.

I am further advised that on November 11 of this year, management and the union issued a joint press release which indicated that Stelco would henceforth provide coke oven workers with appropriate work clothing and would launder this apparel.

The honourable member also made reference to a letter regarding this matter that was allegedly forwarded to management, but not to the union.

I am advised that the letter referred to was, in fact, a memorandum sent to the administrator of the industrial health and safety branch in Hamilton from the occupational health branch. The memorandum provides advice on several points relating to coke oven emission control programs, including the decontamination of work clothing.

My officials inform me the industrial health and safety branch provided copies of this document to union and management representatives at a meeting held on November 14. I am told management was not supplied with a copy before this date. The gist of the memorandum was communicated to both the union and management however, during separate meetings conducted respectively on September 16 and 20, 1983.

On a related point, the member for Hamilton East has asked whether Dofasco and Algoma have been advised of the ministry's position regarding the provision and laundering of clothing. My officials have recently contacted management and worker representatives at Dofasco, the union local, and the joint health and safety committee and management at Algoma, to pass on the ministry's interpretation and to inform the parties concerned about the Stelco agreement.

I trust my comments have addressed the member's concerns.

Mr. Wildman: Mr. Chairman, I appreciate the remarks of the minister and I will pass them

along to my colleague, the member for Hamilton East, who is in another committee this afternoon dealing with the restraint legislation.

I have a number of matters I would like to raise under this vote, if it is acceptable. First, I would like to follow through on some of the comments made by the minister in his leadoff statement, then perhaps the minister might be able to respond.

Mr. Chairman, I appreciate your attempt to improve the ambience of the room by having pictures of the Agawa Canyon and the Montreal River on the walls.

Hon. Mr. Ramsay: I am embarrassed. I did not realize that.

Mr. Wildman: My concerns about occupational health and safety in the work place are not only related to the branch's effectiveness and its activities, but also to the general economic situation. My concern is that, because of the general economic downturn, many workers are reluctant to raise questions about health and safety. Often unions are reluctant to speak up; this is even more likely to be the case in nonunion shops.

On the other side of the coin, when businesses are in a tight financial bind, with low sales and dwindling markets, they are often reluctant to take measures which would eliminate hazardous conditions for workers if they entail a great deal of cost. I hope the government and minister's position is that while we understand the difficulties of the current economic situation, it will not in any way contribute to a lowering of occupational health and safety standards.

I noticed in the minister's leadoff he pointed to a decline of lost-time accidents and fatalities in the work place in Ontario. While I welcome this, I am sure the minister would agree that one fatality or even one lost-time accident is too many.

2:20 p.m.

We have a situation in this province where we have in the neighbourhood of 165,000 lost-time accidents per year. The costs in workers' compensation benefits alone is about \$500 million. This does not even deal with work-related industrial diseases, which are either not yet compensable or have not yet been accepted, which might add another \$150 million to this bill.

Of more concern is that it appears that about 70 per cent of the reported accidents on the job occur in the 3,200 largest businesses in Ontario. These 3,200 businesses employ about 612,000

workers. If you work it out, it means that about one in 10 workers could experience an accident during a year. In my view, that really is not a very good record.

I suppose one could point to even unhappier records in other jurisdictions and say that we are doing better. But I am sure the minister would agree with me that we have to do even better, much better than we are.

I know the minister, the government and my party have a serious disagreement on the so-called internal responsibility system. The minister spent some time dealing with the comments we made in the past, and the concerns of my predecessor in this position for our party, the member for Sudbury East (Mr. Martel), in his report, *Not Yet Healthy, Not Yet Safe*.

He had pointed to what we considered to be an imbalance in favour of employers who, in our view, are the final arbiters on how hazards will be dealt with in the work place. The minister made a number of comments indicating that, in his view, this was a misconception, that the ministry was responsible for enforcement, as we agree, and if there were problems, the Ontario Labour Relations Board is empowered to consider complaints involving things such as intimidation or reprisals.

The minister knows—I raised it yesterday with him in the House—an example of a company that has a very sorry record with regard to providing adequate guarding on its machinery. It has had many orders issued to it by the occupational health and safety branch over the years.

In the last few weeks, there have been a number of work refusals, apparently as a result of advice given by the health and safety rep to the workers involved, because of inadequate guarding on a machine.

The company called in the ministry, because of the work refusals. The ministry agreed with the position taken by the union health and safety rep, and advised management that guarding on the machine had to be improved. The company complied with that advice.

Subsequently, an order was issued by the ministry and the order has apparently been complied with, to the satisfaction not only of the ministry but also of the health and safety rep and the workers involved.

After all this happened, the plant manager issued a letter to the health and safety rep, informing him that he is suspended for three days without pay. The letter seems to accuse him of advising a wildcat strike, although it does

not use the term, by these workers. In fact, he was advising them of their rights under the Occupational Health and Safety Act and informing management and the workers involved that guarding was needed.

The letter goes on to inform him that, while he is on his three-day suspension without pay, he should reconsider his conduct, and if his conduct—his attitude or whatever—does not improve when he gets back to work, further disciplinary action might be necessary up to and perhaps including termination of employment.

It appears that management is threatening this occupational health and safety rep with firing, for carrying out his responsibilities and duties under the act.

I know this worker has the right of appeal to the Ontario Labour Relations Board, and I understand he is considering that. But when I raised it with the minister yesterday, I raised it in the context of the internal responsibility system.

I was not doing that in a frivolous way at all. I was doing that because, certainly at this company, the prerequisites the minister has pointed to many times for the success of the internal responsibility system do not appear to exist.

There has to be a genuine agreement by both management and labour that they are going to be able to work together to eliminate hazards in the work place. It does not exist here. The question is, will it be left to this worker to bring his case before the board, or are there going to be other measures taken by the ministry to ensure this worker gets back to work, does not lose his pay, and is not under the threat of firing?

If he continues to carry out his duties and responsibilities under the act, will the ministry inform management that what they have done is a violation of sections 7 and 24 of the act, and will they ensure that this does not happen again?

If we leave it to internal responsibility in that particular plant, you will either have a situation where the board will have to take action, or this worker will finally give up in frustration and quit his position as a health and safety rep, and there will probably be continual violations of a basic thing like guarding machines.

Hon. Mr. Ramsay: If I might interject here—

The Vice-Chairman: Interjection by the minister.

Hon. Mr. Ramsay: I would like to ask Mr. Wildman whether or not he wishes me to respond as he goes along, or whether he would like me to wait until he has completed his

remarks; whichever you prefer is all right with me.

Mr. Wildman: Maybe, because of the time, it would be easier if I went through it, and you responded at the end.

Hon. Mr. Ramsay: Okay, that is fine.

Mr. Wildman: If you find that I am in any way provocative, at any time, you can interject.

I will leave that particular example aside, but before I do—I know the minister has often responded, when we have raised questions like this, to say: "Look, these are unfortunate, isolated incidents"—

Hon. Mr. Ramsay: They certainly are.

Mr. Wildman: I figured that's what you were thinking—"and the branch will investigate them and deal with them as they are brought forward to them. This does not necessarily mean the whole philosophy is wrong."

I disagree with that, not only because of the numbers of these kinds of problems we have seen, but also because of the difficulties, especially in unorganized plants, of having this whole system work.

2:30 p.m.

I will use another example. Recently, I received a letter from the minister—it does not have a date on it, but I received it on October 12—regarding Reiss Lime Co. of Canada, in Spragge, Ontario, between Elliot Lake and Sudbury.

Previously, I had raised a number of concerns with regard to dust and heat levels in that operation. I am happy to say that since my concerns were raised, the ministry has gone in and looked at and has taken some action in that regard.

However, in his letter, after pointing out that the occupational health and safety branch has gone in to look at this situation and has advised that certain things be done, the minister says, "No concerns were expressed by the health and safety committee at the time." That is, when the ministry had been in previously in March 1983. Then further: "It is unfortunate that the worker or health and safety representative who felt there was a particular heat and dust problem apparently did not contact the ministry. That action would have resulted in an investigation and eventual resolution of their concern."

I submit that this is a somewhat naive statement, because this is an unorganized plant, the workers do not have the protection of a union and are very reluctant to raise this kind of a

concern in case it might later be found who raised the concern.

In other words, they are concerned that if management finds out who raises the concern, they might be in a very vulnerable position with regard to their employment. I am not singling out the management of Reiss Lime. I am simply using this as an example of an unorganized plant.

Hon. Mr. Ramsay: You said I could interject if you were being provocative. You are not being provocative but can I interject anyway?

The Vice-Chairman: Interjection by the minister.

Hon. Mr. Ramsay: There is a method of complaining that would not jeopardize a person's position and that is through anonymous complaints. We get all sorts of those and we act on them all. We take none of them as being frivolous; we respond immediately. In fact, sometimes I think we might even respond to an anonymous complaint more quickly than we would to an official complaint, because we want to get in there before the trouble spills over.

Mr. Wildman: In that regard, let me say that the individuals who complained to me about this operation—and they only complained to me after my concerns were raised, after the accident that the minister knows about. As a matter of fact, the charges have finally been laid in that case and came to court today but the ministry asked for a delay until February.

It was only after I became concerned and started asking questions of the workers and found some who would talk to me that I found out about the situation with dust and heat.

I am not sure that workers in an unorganized plant know very much about their rights under the Health and Safety Act and know how they might go about complaining without leaving themselves in a vulnerable position. I wonder what has been done to inform people in this kind of a situation. Is there a hotline for complaints like they have in the American operation in Washington? If so, do people know how to go about getting in touch with the ministry?

I am glad that some action has been taken in this particular situation, but I am very concerned that the kinds of problems that I have cited at Reiss Lime are not isolated. In fact, there may be, and I am sure that there are, serious problems that we never hear about in many unorganized plants across this province, and that the ministry inspectors, when and if they carry out their inspections, may find. But

there may be many other situations they never hear about and never discover themselves—situations which are never reported and which just go on and on.

We have enough of these problems in unionized plants. I think it is far worse in unorganized plants. At least at Reiss Lime we have a situation where there is a committee. It meets only once every three months, but it is a committee and it does meet. One of the other problems we face, not only in unorganized plants but also in many organized plants where it is left to voluntary operation, is that we do not even have committees.

I have talked to certain people in the ministry regarding the Essex County Board of Education experience, where there has been a long, ongoing attempt to get the Canadian Union of Public Employees locals 1348 and 243 to reach an agreement with the board of education to have a joint health and safety committee for both groups and where it appears to be hitting into a roadblock. We have been dealing with this for a year and a half almost, and Mr. Baskin has been involved and it just seems to go on and on and on.

We have had other problems with the committees. We have had situations reported to us where in other plants, in other operations, management has appointed the worker committees instead of the workers being able to use their own representatives.

We have had situations where there are unequal numbers, where there are more people from management than there are from labour on the committee, and where disputes have arisen over who should be on the committee or how they should be chosen. It seems to take forever to resolve them.

One of the main problems we have is that the ministry does not have any central record of the companies in the province indicating whether or not they have committees and who the members of the committees are. Certainly, if you do not have a committee, then in my view it is impossible for the internal responsibility system to work. The ministry does not seem to have any knowledge as to where there are committees in operation and, if they are in operation, how effective they are.

We have run into all sorts of problems with regard to how the committees go about determining their agendas, who is responsible for the minutes, how the minutes are prepared, who approves the minutes. We have had situations where management has changed minutes after the meetings have taken place or have rejected

minutes that have been prepared by the union or worker representatives.

I think the time is more than past for the ministry to develop a code of practice for the committees. I know that at the time the legislation was passed, it was indicated that that would be done and that it would be developed. I would like to know where you are with the development of guidelines and a code of practice, and how you have been getting that out to the work place and to the labour movement to ensure that this code of practice is public, that worker health and safety representatives are aware of it, and that management is aware of it as well, so the committees are operating properly.

If that is out there, what kind of monitoring is being done by the ministry to ensure that it is being followed?

Another problem we have run into with the operation of the committees is the resolution of problems—where there are committees in operation but there is no provision for time limits on the resolution of problems brought before the committee. If a worker representative on the committee raises a problem or hazard and it is discussed before the committee, there does not seem to be any requirement for management to act or respond to that matter. It can be raised over and over again.

Let us say you have a committee that meets once a month and you have a situation where the same problem is raised month after month after month. It is discussed and tossed around and nothing ever happens.

We have seen in many cases, of course, where matters that do not involve a great deal of cost, as I said before, are often resolved very quickly. But situations that involve changes in methods, changes in technology and certainly involve much capital expenditure, in many cases no real action is taken when it is just left to the committees.

2:40 p.m.

As we have said, in our view, the internal responsibility system must be at least redefined and it must be defined in such a way that it is clear that in order for the Occupational Health and Safety Act to be enforced, the workers' right to participate, to inspect and to shut down situations that are hazardous, without fear of loss of wages and benefits, is an integral part of the internal responsibility system.

Workers have the right to know not only that they have the right to refuse, but they have the right to know all the aspects of the environment

in which they are working that have relevance to their health and safety.

Obviously, we believe that all work places must have health and safety committees and that the code of practice for committees must be developed in a way that states what the proportional numbers of management and labour will be on these committees and what the guidelines will be for the preparation of the minutes, the agendas, the co-chairing of the committees and how the meetings are to take place. It is elementary that workers must have the right to pick their own worker inspectors and worker representatives.

We believe the committee should not, as in the Riess Line situation, meet once every three months, but that it should meet at least once a month and that there should be a time limit for the resolution of problems brought before the committee.

I would like now to turn to the comments the minister made about enforcement of the act by the ministry. We have pointed out in the past that one of the problems we have with work refusals under the act is that, in many cases, management and even the ministry treat a work refusal as not being a work refusal as such, but rather simply a reporting of a hazardous situation.

Although there is no provision in the act that these two things be sequential, it appears that many people in the ministry accept the argument that they should be. In other words, if a particularly hazardous situation has never been reported by a worker in the past, they then take a work refusal because of that hazardous situation as simply a reporting of it, rather than a refusal. I would hope that can be clarified.

The ministry must have as wide as possible a reading and interpretation of the act, and the inspectors and the people responsible for enforcing the act should not be taking a narrow, technical approach to the enforcement of the act. It appears to us that too often the ministry seems concerned about the costs to the company—cost to management—of taking action to rectify hazardous situations and are reluctant to write orders that would cost a lot to comply with.

I know the internal responsibility system, again, is dependent on management and labour being able to work out their problems on their own, but one of the problems we ran into—certainly one that my colleague the member for Sudbury East (Mr. Martel) ran into when he had the task force hearings—was that, in many cases, workers reported to us that when they

raised a matter with the inspector who was in the plant, they were asked if this matter had been raised by the worker representatives on the joint health and safety committee.

When told that it had been, the inspector treated it as if it had been resolved, when at the same time, as I said before, there is no time limit for resolution of these matters before the committee. So something could be before the committee and go on and on, but as long as it is before the committee, the ministry will not take action.

I really wonder why, in many cases, the ministry does not write general orders instead of particular ones. If a company is found to have a tendency not to guard machines, for instance, why is the ministry not more willing to write a general order saying, "You will guard your machines in this plant properly"?

Instead, an inspector issues an order on a particular machine, has that complied with, and then the next time the inspector is in the plant, he finds a similar problem with another machine and writes a separate order on that machine. If this happens a number of times, why is a general order not written saying, "Guard your machines" and then inspect all of the machines?

I just raise one example. We have met with the minister about the Ottawa Board of Education spirit duplicator situation. I will not go into a lot of detail about this. I will just say that I do not understand, even after the meeting we had with the minister, why orders would be issued to one out of 80-odd schools for the protection of workers using spirit duplicators when those duplicators are used in many of those schools.

If you issue an order with regard to ventilation to ensure the worker is protected in one school, why does the ministry not issue an order saying proper ventilation should be provided in all of the schools which use spirit duplicators, at least for that one board of education?

I have also asked the minister—in that regard actually—why there has not been an attempt to move in a concerted way to replace methanol with ethanol, if it is determined that one substance is less hazardous than the other, not just in one board of education, but across the board. I will leave that and I will be interested in the minister's comments.

In his response to my colleague's leadoff comments on regulated substances, the minister talked about the complexity of arriving at control programs. I concede that and I understand the difficulty in moving ahead. I would

hope every effort will be made to speed up the introduction of regulations in these areas.

I wonder what adequate attempt is being made to enforce those substances which have been regulated. For instance, he commented on lead in the steel industry in Hamilton. Of the companies using lead, how many of them have produced the assessments they were supposed to? Has there been proper consultation with the health and safety committees in that process?

2:50 p.m.

Our concern is that many of the controlled substances lead to control programs which involve manipulation of workers rather than the elimination of the hazard in the work place—in other words, requiring the protective equipment, moving workers around, and that kind of thing. I would like the minister to comment on the actual enforcement of controlled substances such as lead.

Also, I would be interested to know if the ministry has considered giving inspectors the power to levy immediate automatic fines, the way the Occupational Safety and Health Administration in the United States has? The company can appeal the fine if it wishes. Considering the approach that has been taken, I wonder if the possibility of an automatic fine might lead to fewer orders being issued.

I wonder what the minister's reaction would be, or if he is prepared to agree, that time limits should be placed on all orders when they are issued, that is, by a certain date there must be progress or compliance with the control order. In relation to letters of compliance, when a company has had an order issued and writes back to the ministry saying it has complied, has the ministry considered requiring the letter to be countersigned by the union agreeing that there has been compliance with the order?

I know the minister pointed out that if workers have complaints, they can go to the Ontario Labour Relations Board. I will not raise the question on a matter already before the board. I know the minister's response would probably be that it would be inappropriate for him to comment on the particular case. But I would like to ask if the ministry is prepared to bring in changes that would allow a worker's costs to be awarded, if the worker brings the matter before the board is successful, and the board accepts his position after the hearing?

As I understand it, there is no provision for awarding costs. With respect to the one particular case I have in mind, the costs have been substantial. That is another limiting factor if you

are talking about a complex enforcement question.

In his remarks, the minister also dealt with the question of coroners' inquests. My colleague the member for Hamilton East (Mr. Mackenzie) pointed out that in the past we have asked that all work place accidents have an automatic coroner's inquest and that unions have standing. The minister knows that last week the Ontario Federation of Labour passed a resolution to that effect.

I accept the minister's position that it is up to the Solicitor General (Mr. G. W. Taylor) and that he is discussing the issue with him. I appreciate the fact that he supports it. I fail to see why there should be a difference between mining deaths, some construction deaths and the rest of the deaths in the work place.

Hon. Mr. Ramsay: So do I.

Mr. Wildman: I accept that and I would hope there is to be progress in that regard.

With regard to toxic substances and the right to know, the minister talked about certain designated substances and others that are coming on stream. I would like to ask some questions regarding data sheets. Is there any attempt to have data sheets standardized to include the trade name, generic name, chemical composition and quantity, physical data and handling and test information? Data sheets would then be understandable and workers would know how to deal with them.

In his leadoff comments, the minister talked about the difficulty of working out the conflict between trade secrets—patent rights, for example—and the right to know. I am sure the minister knows it is our position that no company has a right to market a product without full disclosure of information. In other words, workers should be not put at risk simply because there is an attempt to protect proprietary rights; this must not have precedence over health.

While I understand the minister's comments about the length of time the consultative process takes and the importance of it, I wonder if he would comment on the fact that there are approximately 111 known carcinogens and perhaps another 100 suspected ones that are in use. Considering the length of time it takes, could we not be moving in an active way for substitution of suspected carcinogens in the work place, where possible, even prior to getting to the point of having them as regulated substances and certainly prohibiting the introduction of any new carcinogens into the work place?

We believe we cannot approach this on the

basis we do in the law courts, where a suspect is innocent until proven guilty. In our view, a chemical must be considered guilty until proven innocent. We believe all employers should provide a written inventory of all the chemicals, physical agents and work processes they use to the Ministry of Labour and that list should be posted in the work place. They should be required to inform their workers of any new chemical that is introduced into the work place.

According to estimates, there are 1,800 chemicals that affect the reproductive system and can perhaps produce abnormalities. We are concerned about dealing with that situation. In dealing at least with medical monitoring, the approach often appears to be to move people around, and with the question of reproductive problems to remove women from certain operations and to continue to expose men rather than deal with the hazards. In our view, that is not acceptable.

I would like to move to the minister's comments about the exclusions under the act and the discussions that are being held with regard to teachers, firefighters, the health care sector and so on. As the minister knows, it is our position that all workers in Ontario should be under the jurisdiction of the Occupational Health and Safety Act. We cannot accept the position that appears to be developing by boards of education with regard to teachers that somehow the Ministry of Education should be responsible for health and safety in the educational work place.

The minister knows of a case in his own riding, which was brought to my attention, in which we had the strange situation where support workers in a special education facility were able to refuse to work in a potentially hazardous situation while the teachers in that same institution could not refuse. In our view, that is just not acceptable. I am referring in this particular case to the CMV—cytomegalovirus—situation in Sault Ste. Marie. I think that we must move to bring teachers under the purview of the Occupational Health and Safety Act.

3 p.m.

I know the minister has received a lot of representations on this and I know there is a committee working on it. At one time it appeared there was an agreement that teachers would be brought under the act with a special regulation. As you have indicated to me, your predecessor in 1981 had this committee working on a proposed regulation. Now that this has been circulated, the problem appears that the Ontario

School Trustees' Council and certain boards of education have raised objections and have indicated they would rather the Ministry of Education was responsible here.

The Elgin County Board of Education has passed a resolution and circulated it to other boards of education in which it has said it does not want the Ministry of Labour to have jurisdiction over the occupational health and safety of academic staff and would rather have the Ministry of Education involved in it. I know the Sault Ste. Marie Board of Education endorsed that resolution.

For the life of me, I do not understand why boards of education would rather deal with the Ministry of Education in this regard when they are already dealing in many cases with the Ministry of Labour for their support staff. I hope the minister will make it clear to boards of education—and to the Ministry of Education, if that is a problem—that in his view the Ministry of Education does not have the staff or the expertise to carry out a proper monitoring of health and safety in the academic work place.

The minister also mentioned that he has a task force on agricultural workers. I recently wrote to the minister asking him how many farm labour representatives were on that task force. I see from the task force that members are a retired vegetable grower, Ron Cameron; a dairy farmer, Rejean Leclerc; a fruit and vegetable farmer, Peter Lindley; ex-farmer Randy Lyons; and a mixed farmer, Lyle Vanclief.

I do not know any of the gentlemen; I am sure they are all very capable people and know their business. But it looks to me as if they are all management. I do not see any representative of farm labour on that task force.

Mr. Haggerty: Every farmer is in farm management.

Mr. Wildman: I accept that. Every farmer is a worker as well as a businessman.

Mr. Haggerty: Right, Lorne?

Mr. Henderson: A slave.

Mr. Wildman: I would also accept the point of view that some farmers are more businessmen than workers.

We all know from the studies that have been done that there is a very serious accident rate on the farm. If one compares it to the mining and forestry sectors, which also have serious accident rates, farming is right up there. Obviously, something has to be done to protect the farmers themselves—no one questions that—and something has to be done to protect farm labourers.

As I said, we do not see on that particular task force anyone who is a spokesman for hired labour on the farm. I have not seen that in any of the other task forces that have been set up to deal with—

Interjections.

Hon. Mr. Ramsay: Mr. Chairman, I really do not mind dealing with Mr. Wildman or with Mr. Martel on a one-to-one basis, but when Mr. Martel comes in here with his foul cigars and sits beside Mr. Wildman and double-teams him, I do not know whether that is a ploy—

Mr. Martel: Where is Tim Armstrong when you need him?

Mr. Martel: You have Lorne beside you. He has been in the cabinet.

Mr. Wildman: With regard to the smoke, I do raise an objection. I agree.

The Acting Chairman (Mr. Gillies): Let the record show Mr. Wildman's concern about the smoke.

Mr. Wildman: Also, the minister pointed to the health sector regulations and discussions that are going on with the draft regulation. I raised a question in the House with regard to the joint union response to the draft regulations. In his response to my question, the minister said these were just drafts, that they were in a consultative situation, there were discussions going on and he did not see the problem.

The problem is the vagueness of these draft regulations. It seems to me the minister in his response seemed to be inferring that if unions and labour are unhappy with the vagueness and what they consider to be the meaninglessness of some of these regulations, they can be amended and changed, that they are not final and that you are looking for input. That is fine, but I really do not understand why the ministry would propose regulations such as these.

I raised this before. The statement, "Biological or chemical hazards that may endanger the health and safety of a worker shall be handled under controlled conditions," is like motherhood.

The Vice-Chairman: Mr. Wildman, is it safe to assume that if you had another five minutes and I allowed the minister to respond and then went to Mr. Haggerty, then if there is any time left, we can come back? Another five?

Mr. Wildman: Right.

I do not understand why there would be draft regulations brought out which are so vague and which can mean anything or nothing. Basically, is the ministry asking the representatives of the

health sector, whether they be management or labour, to write the regulations for them by suggesting changes? That really does not provide anything to go on for the people who are supposed to make specific recommendations for changes.

I will not raise the question of the other excluded workers who are being considered at this time. I want to end by responding to the comments made by the minister in his leadoff with regard to the mining legislative review committee.

He pointed out there are proposed refinements in the mining regulations. A lot of these, he said, had resulted from the recommendations of coroners' juries. Again—and I guess the minister would agree—I would say this is evidence of the need for automatic coroners' inquests in all work place deaths because, in many cases, these coroners' juries have provided recommendations which are very useful to the ministry, to companies and to unions in the field to improve the situation in the work place.

However, I am concerned about the proposed changes in the mining regulations as they relate to a specific situation near my area, namely, the miners in Elliot Lake. If the new regulation comes down, how does that affect their situation with regard to the federal law? Will the federal law incorporate the new changed regulations or are they going to be left in limbo again?

3:10 p.m.

My concern is that, in my view, there is an epidemic of cancers among miners, not just uranium miners but gold miners as well. The mortality study indicates that the uranium workers at Elliot Lake do not have proper protection, despite the problems with its methodology, the problems of the latency period and so on. It was perhaps published a little prematurely.

The uranium workers at Elliot Lake do not have proper protection. I noticed a news report recently that the federal minister once again has said he is now going to strengthen the Canada Labour Code in terms of the right to refuse and so on, but we have had those kinds of promises before. I think we have to have a concerted effort by the provincial government not only to encourage the federal government to bring in proper regulations, but to improve the monitoring of miners, not just in the uranium industry but also gold miners and other miners because it appears they are all exposed to radon daughters.

The minister in his leadoff pointed to the program in Blind River and the north shore for the reduction of radon daughters for miners working at Elliot Lake in their own homes. I would be interested in finding out how many people have applied for that. It seems to me that if the mortality study is accurate this kind of program should not apply only to uranium miners but to other types of miners as well.

I am also very concerned about the proposed changes in the radiation exposure the ministry has brought out with regard to X-ray technicians. It seems to me the proposed changes, which are related to changes that the Atomic Energy Control Board is apparently going to bring out, have serious implications for anyone working in any nuclear industry, not just uranium miners or X-ray technicians but other hospital workers and workers in other industries that involve radiation.

Instead of studying limits of radiation exposure for the whole body and improving and increasing the limits, the AECB seems to be determined, and the ministry even seems to be jumping the gun ahead of it, to accept changing the limits so the body may be exposed to increased exposure. It is going to relate the exposure levels to individual organs such as the thyroid, lungs, blood and gonads.

Even if one accept the arguments that the thyroid can absorb higher rates of exposure than another organ, I fail to see how one is exposed only through his thyroid and not through the other parts of his body if he is in an environment where he is exposed. We should be going in the opposite direction. We should be decreasing the whole body dose, much as they have done in Great Britain where it has been done by collective agreement with nuclear workers, rather than moving to allow greater amounts of exposure related to individual organs of the body.

I had a couple of other comments I wanted to make about inquest juries and the ministry's method of response. I will leave that for later if we have time.

Hon. Mr. Ramsay: I have a few brief remarks and then I will ask Dr. Robinson and Mr. Goodman to follow up on some of the technical points.

Mr. Martel: I thought you were going to do this on your own.

Hon. Mr. Ramsay: I would be more than happy to do it on my own.

Mr. Martel: You said it.

Hon. Mr. Ramsay: I think, Mr. Martel, you would want to know some of the facts about the technical points that I am not qualified to present.

Mr. Martel: So you are bringing in the pinch-hitting team.

Hon. Mr. Ramsay: I was not suggesting you were a pinch-hitter.

Mr. Samis: A designated hitter.

Hon. Mr. Ramsay: Mr. Wildman has done an excellent job. I would not want you to think for a moment that the role of the occupational health and safety critic has been diminished in any way since your departure.

Mr. Martel: Not a bit.

Hon. Mr. Ramsay: Mr. Wildman has done an excellent job.

Mr. Wildman: I do not need those kinds of endorsements.

Mr. Samis: He cannot cope with those.

Hon. Mr. Ramsay: I have made a few comments—in fact, several hundred pages long in my opening statement. Mr. Wildman, in turn, has provided us with his opinions on some of those statements, so there is not much sense in my going back again and covering old ground. Maybe I could just work in reverse order to deal with some of the points he has brought up.

There is the question of the numbers who have applied for assistance in respect to the radon gas. We have this information available. Mr. Kinley is not here at the moment but Mr. Goodman has it. He will give it to you. My recollection is that the figure is lower than what we had anticipated, but we will give you the exact figures.

The federal laws versus Ontario laws matter will be covered by Dr. Robinson or Mr. Goodman.

In regard to the coroner's juries, I would like to make this a little stronger than I did before. I said in my remarks today that I personally, and I stress personally, see nothing wrong with a coroner's jury being mandatory where industrial accidents are concerned. I will support this position in my discussions with Mr. Taylor. The only qualification I would make is that I have yet to hear Mr. Taylor's arguments, but I certainly support this position. Like you, I fail to see why they are not mandatory at this time.

There was a mistake in the press release regarding the agricultural task force. Randy Lyon is an ex-farm worker. I have recently written asking another farm worker to join the task force. Whether he will accept or not is

another matter. We recognize this problem. Mr. Lyon was there as an ex-farm worker. However, we feel there should be additional representation. We are following up in this respect.

As far as teachers go, this is a troublesome one. I thought it would have been resolved by now. I have every intention of resolving it. We are not backing off from our original decision. I do not want to implement this in the middle of a storm of protest or anything of that nature because I do not think it would work that well. I would like to be able to have it go into effect with an announced level of co-operation on both sides. I am optimistic we can achieve this.

There have been developments towards reaching such a resolution over the past couple of weeks. I am optimistic we will be able to work out this one. I agree with you. Why have the Ministry of Education responsible for it when the boards have to be responsible to the Ministry of Labour for the other workers? It just does not seem to make much sense. That argument is not holding up things. There are other considerations that are.

Data sheets, standardized and so on, will be covered by Dr. Robinson and Mr. Goodman.

Control programs and enforcement assessments are something I would like to have the officials here today speak to because I think they are being well done.

As far as the Occupational Safety and Health Administration in the United States and immediate fines are concerned, this is something we are definitely not considering at the present time. However, there are time limits on various orders that are written.

Mr. Wildman: There should be on all of them.

Hon. Mr. Ramsay: Countersignatures on compliance forms is something that is being done now. Your suggestion is already in. Awarding costs to workers is a matter that consideration can be given to.

3.20 p.m.

On the Ottawa board spirit duplicators, Mr. Baskin is here, and he has been working on that and I am sure he will be able to report on the latest there.

You raised a good point about why the orders are written for one school out of 80, and he will be able to respond to that.

About using ethanol rather than methanol, it is my understanding that the boards of education have sent directives around to their schools in that respect. That has already been done.

Incidentally, I mentioned Mr. Baskin, and I

would like to take just a second here and say that not only Mr. Baskin, but Mr. Carruthers have done an outstanding job, I feel, in resolving a lot of these problem areas.

Mr. Martel: They have seen all of Ontario in doing it.

Hon. Mr. Ramsay: That is simply not true. You are being provocative, Mr. Martel.

Mr. Martel: No, I am not. I commented that they have seen all of Ontario.

Hon. Mr. Ramsay: We only hear about the problem areas and we only hear about the times that Mr. Baskin has to step in, but he still has time to look after other responsibilities as well.

There is a booklet about the code of practice for safety committees. Does anyone have that booklet here? I think there is one we will leave with you, Mr. Wildman, that does contain a code of practice and the guidelines for safety committees and so on. It is quite an excellent publication.

We have one right here, if you would not mind giving that to Mr. Wildman. There is some supporting material there with it.

About informing workers of their rights, and also about workers being reluctant to come forward, I interjected a few moments ago that anonymous complaints are accepted and are perhaps acted upon even more quickly than acknowledged complaints.

I believe Mr. Martel advised someone to make an anonymous complaint just a couple of days ago. That is not unusual at all. I agree that workers should be informed of their rights and I think there has been a real effort made over the years to make them aware of this.

There are other things that make them aware of it. Your questions in the House every day do so. Your task force has succeeded in doing that, as does the media coverage of occupational health and safety. I would be surprised if this was still the problem today that it perhaps was a while ago.

In the case of ITT Aimco, you mentioned that I indicated that the only recourse for the person involved was the Ontario Labour Relations Board. That does not rule out the possibility that there could be a prosecution in this case, as there was in the case of Woolco and others. Those files are being studied in that respect.

We could get into a big philosophical argument on the internal responsibility system, which I think was the key point you were bringing forward to us here today. Your percep-

tion of how it is working out and my perception, of course, would be the exact opposite.

Let me conclude these brief remarks by indicating that I will have been in this ministry for 24 months in February. What has happened has not happened because I have been there for 21 months; it would have happened regardless of who was there, because the framework was in place for constant improvement of our policies, procedures, systems and so on.

There has been a considerable reorganization of our human resources within the occupational health and safety branch, and I say this, not to be defensive—I say it without any hesitation whatsoever—that I have seen a remarkable improvement in the operations of the branch since I got there 21 months ago. I think the quality of the personnel we have could not be matched anywhere in the civil service of Ontario for their dedication, competence, and approach to their responsibilities.

You mentioned that they favour management. I am still looking around for management-type people. I find people who have come up through the ranks, people who were in the labour movement or who worked their way up in the industrial or mining sectors or whatever the case may be, and people who know the problems in the work place. Those are the kind of people I find whenever I look around and those are people who are very interested in the mandate of occupational health and safety in Ontario.

I find the problems have become fewer on a gradual basis over the months I have been there. That is only because the mechanism is in place, the act has now been in place for a number of years, the enforcement, practices and procedures are all improving, the education is getting better and the internal responsibility system is working better than it did before.

I am terribly satisfied with the progress made in this branch, not only in the 21 months I have been in the ministry but from the time the act received royal assent to the present time.

Maybe Dr. Robinson and Mr. Goodman could just comment on the other technical points you raised.

Dr. Robinson: Thank you, minister. Mr. Chairman, I think it might be easier if we take the items chronologically in the order in which Mr. Wildman raised them.

The first issues are all within Mr. Goodman's area, so I will pass the responsibility over to him.

Mr. Haggerty: Mr. Chairman, on a point of order. I have been sitting here since 2 o'clock. It

has been an hour and a half now and we could go on for another half an hour bringing forward the answers to some of the questions my colleague has raised.

I do not know what time is permitted this afternoon; do we have two or three hours, or what?

Hon. Mr. Ramsay: As I understand it, it is until 4:45 p.m.

Clerk of the Committee: The adjournment time is 4:49 p.m.

The Vice-Chairman: I am told by the clerk that it is 4:49 p.m.

Mr. Haggerty: I am just wondering whether or not I am going to get on this afternoon.

Hon. Mr. Ramsay: Mr. Haggerty, I certainly do wish to hear everything you have to say. I can assure you that Dr. Robinson's and Mr. Goodman's comments will be no longer than 15 minutes, half an hour at the very outside, and that would leave you an hour and three quarters.

The Vice-Chairman: Go ahead then.

Mr. Haggerty: That would leave three quarters of an hour.

Hon. Mr. Ramsay: They could be even shorter than that, sir.

The Vice-Chairman: How about allowing Mr. Haggerty an hour?

Mr. Haggerty: I am not going to say it will take an hour, but I think it should be—

The Vice-Chairman: I have a feeling Mr. Martel may have one question.

Mr. Haggerty: That is what I am afraid of, and that is why I wanted to get the time now.

The Vice-Chairman: We have your hour blocked in there.

Mr. Martel: As I hear the minister speak I just keep listening to him, because I disagree with him on some of these points, such as laying charges against ITT who put the shaft to the last health and safety officer there. That corporation has been in court a couple of times already. He was hit in the head.

Mr. Goodman: The first matter raised was the question of whether the ministry would require the employee who was disciplined at ITT Aimco to pursue before the Ontario Labour Relations Board a complaint of an unfair reprisal, or whether the ministry itself was prepared to take action directly.

I guess Mr. Martel will recall the minister addressed the question last year with respect to Wilco-Canada. There are certain advantages to

pursuing a complaint before the Ontario Labour Relations Board because that board can fashion a remedy specific to the employee. A court could not order that the employee's suspension be wiped out and the employee be paid. The court would have no authority to do that.

3:30 p.m.

On the other hand, if the ministry investigates—and the ministry certainly is in the process of investigating—and it is ascertained that the ministry investigators and inspectors feel there was an unfair reprisal, we would do our best to convince the employer to withdraw the suspension—that has been done in previous cases—and to prosecute the employer if we felt this was a case for prosecution.

The policy does make provision for prosecution in a case and does not rely, as the minister said, exclusively on requiring the employee to pursue his grievance before the Ontario Labour Relations Board.

Mr. Wildman: What do we do with a company like this? They have done this before. It is not new.

We keep saying, "Okay, go to the OLRB and pursue your case and perhaps get it resolved." Then another year from now we have the same situation with someone else going before the board.

Mr. Goodman: I am not saying we are going to say that. We are still investigating. As you know, the letter is only dated November 25.

Mr. Martel: You had better check to see if they harassed Joe Camira, because he was a troublemaker, too, when he was the president, according to this bloody company.

The Vice-Chairman: We have allowed ourselves a certain amount of time for a response here.

Mr. Goodman: Next, Mr. Wildman indicated that it was his perception that these kinds of complaints were not isolated complaints.

I guess the only thing I can say in response is that we are very interested in ascertaining whether or not they are isolated. I guess, as the minister said, we could get into an argument as to whether they are or not.

Any cases brought to the attention of the inspectorate and of the directors and myself are very thoroughly investigated. I guess there is a danger that one becomes preoccupied with the pathological cases. That is why I think the inquiry being undertaken by the advisory council on the effect of the implementation of the Occupational Health and Safety Act will be

particularly helpful. I think it is more useful to have that kind of inquiry conducted by the advisory council as opposed to the division.

Work is under way in that regard. Mr. Martel will know that the minister has written to the council and asked it specifically to address the issue of the unorganized worker.

We, at the division, are interested in knowing whether the unorganized worker, as you indicate, is aware of his rights under the act and whether he is less prepared to enforce them than his organized brother. We are all very hopeful that the study will address these questions. If there are any steps that should be taken in that regard, we will give them very serious consideration.

The minister referred to the fact that we do investigate complaints on an anonymous basis. Dr. Robinson and I, and, I am sure, the directors, receive a number of phone calls from telephone booths. I certainly do. Those kinds of complaints, for instance, about dust levels or ventilation lend themselves to investigation on an anonymous basis.

The inspector does not have to know who made the complaint, neither is it important for the employer to know. The inspector can conduct his investigation and ensure that the identity of the complainant is protected to avoid the possibility of a reprisal.

Mr. Wildman: What about a hotline like that of the Occupational Safety and Health Administration?

Mr. Goodman: We will look into your suggestion in that regard. My only comment is that all our lines are hotlines. My line is a hotline; Dr. Robinson's is; Walter's is.

We answer any calls we receive from individuals who want to know what their rights are under the act. I am just wondering whether that is a better way than having a recording that gives them the answers to questions they are not interested in asking.

Mr. Wildman: I agree with you on the recording. I was just talking about one number that could be advertised. "Call this number and—"

Mr. Goodman: My experience is the worker will either call head office or the regional office, and his call is immediately answered.

We will give consideration to your suggestion. It may very well be that the advisory council will be looking into those sorts of questions; whether there should be a central number.

Any calls for information requests are immediately

addressed on a personal basis, as opposed to a recording, which I think is more desirable. That is my personal view.

Mr. Wildman raised the case of the Essex County Board of Education, and the question of general versus specific orders, I believe, was raised at that point.

One of the difficulties we face is that the legislation permits an order to be made only where the inspector finds that a provision of the act is being contravened. So, an order by an inspector on a general basis, where there was not a finding that the act was being contravened, could be challenged; there could be an appeal to a director.

In the Ottawa board case a general order was issued for an assessment of duplicators. That was the order that was issued.

Mr. Wildman: It was extended.

Mr. Goodman: Yes, it was extended, and I do not know whether Walter Melinshyn, the director of the industrial health and safety branch, or Cliff Baskin, want to add anything at this time. Please feel free to do so.

The difficulty with issuing an order finding a contravention in one particular place is that the conditions that gave rise to the finding may not be applicable to another place.

For example, as you mentioned, in one school the ventilation where the duplicating machine is located may be different from that in another school. The inspector certainly could write an order saying that appropriate ventilation should be provided in all schools, but I would be afraid there might be complaints that this is a motherhood type of order, because it was not specific to the work place and the conditions applicable.

As you know, the kind of assessment that is being performed in the Ottawa board is an assessment for each particular work place for each school.

Mr. Wildman: My question was: if you find a company that does not guard machinery, you issue an order on this machine and at the next inspection you come in and find a similar guard missing on a similar but different machine, why do you not just tell them, "Go get your guards on your machines"?

Mr. Goodman: I believe that is done. Walter, perhaps you want to address this. My understanding is that it is done. Again, though, the inspector could not order the correction of something that was not a contravention.

Perhaps Mr. Melinshyn could address this.

The Vice-Chairman: Could you just put your name on the record, sir?

Mr. Melinyshyn: Walter Melinyshyn. It is important to note here that in some cases—and I think the reference is to the Ottawa school board—a general type of order can be issued, but I think it is very important also that for us really to proceed further with stopping work, with prosecution, the evidence has to be there; it has to be the specific machine, with the number.

That is the reason specifics are identified. Every time we have gone into the courts and proven not to be successful it is usually because of lack of evidence and on technicalities. I think there is room for general orders, but we would have to tackle it on specifics when we actually want to pursue it further.

That would be the explanation. We can exert our enforcement, if you like, a lot better if we have the specific data, whether it has to do with specific workers not wearing proper apparel, whether it has to do with eyeglasses or whether it has to do with infractions occurring on specific machines.

I should also mention that even in the Ottawa school board with the general order it is possible that one can have proper ventilation with methanol and still satisfy the requirements. So there are problems with issuing a blank order that would solve the problems across the whole spectrum of the board.

Mr. Wildman: How often do you have to have a similar violation on different machines before you decide to prosecute?

Mr. Melinyshyn: This gets into the subject of repeat orders. I think this has been brought to our attention in the several years I have been here now.

3:40 p.m.

There has been a marked decrease in what we call repeat orders, and I would like to think that a lot of it has to do with our now issuing orders with time frames—that is, stop work forthwith, or in a negotiated time frame. This is proving to be very effective. As a matter of fact, I think it was mentioned last year that there were close to 15 per cent repeat orders. This year we are running at just 10 per cent. So there is a marked decrease in repeat orders.

Mr. Goodman: I will not address the subject of co-signing compliance reports because the minister did, nor the question of time limits because Mr. Melinyshyn did as well. Perhaps I

could move on to Mr. Wildman's concerns with respect to enforcement.

The first matter Mr. Wildman raised was that the ministry does not treat a work refusal as a work refusal but merely notice of a hazardous situation. While my understanding is that that was the case over a year ago, it has not been the case for some time. Perhaps Mr. Melinyshyn will address that as well.

Mr. Melinyshyn: I think the concern here was that it was reported once and then reported a second time. I can assure you that a refusal-to-work situation, if it is approached that way, has no reference to whether it was brought up the first time or the third time.

As a matter of fact, as mentioned earlier, I believe we would respond and have been responding for the last year. The procedures are very important and should be dealt with internally, but recognizing that sometimes situations occur when management and workers cannot follow procedures per the legislative requirements, we actually go in and treat them as work refusals, regardless of whether the proper procedure was followed.

I would say there has been a marked change in the business of identifying a hazard. Just because it happens to be the first time you write it off as saying it is not, if it is identified as a refusal and where the worker has reasonable concern to believe it is unsafe, we treat it as such.

Mr. Goodman: I might add that the operational change was outlined to the advisory council when the industrial health and safety branch appeared before the council on March 8. They outlined a number of operational improvements, the first being that procedures were revised to ensure that inspectors immediately investigate all work refusals, regardless of whether the refusal has been previously investigated by the supervisor and worker representative as required under section 23.

Mr. Wildman: That includes Hamilton?

Mr. Melinyshyn: Yes, more frequently than ever.

Hon. Mr. Ramsay: We are running out of time, Mr. Goodman. I was wondering if you would talk about the latest estimates.

Mr. Goodman: Yes. I certainly will.

Mr. Wildman asked, with respect to the existing designated substance regulations, and specifically with respect to lead, what the record of compliance was with the lead regulation. A

urvey of employers using lead, which commenced in December 1981, resulted in reports of June 16 and October 22, 1982. A third report, based on information received as of June 21, 1983, is near completion.

Data confirm that the regulation applies to 596 work places. Assessments were completed in 590 and were in progress in 55. Employers in the remaining 61 locations did not initiate an assessment. Orders were outstanding in 59 of these premises. Control programs were required in 439 of 590 work places assessed and were in place in 420 and in progress in 10. Nine locations did not initiate control programs. Orders were outstanding in six of these premises.

That gives you the information you requested. My understanding of the problem with respect to awarding costs by the Ontario Labour Relations Board is a very simple one. It is that a body created by statute has no authority other than that which the statute gives it. Unless the Labour Relations Act would provide for the awarding of costs, the board would be unable to award costs for successful complaints of reprisal just as it would be unable to award costs for any other matter that was before the board.

Mr. Wildman: Who recommends changes in the statute?

Mr. Goodman: It would be the Minister of Labour.

Mr. Wildman: Exactly.

Mr. Goodman: I am only pointing out that is the present situation as I understand it.

Mr. Wildman next asked whether an attempt will be made to have material safety data sheets standardized. In his opening remarks, the minister outlined the status of the work hazards material information system project. National in scope, it is a tripartite attempt to devise a triad system which includes standardized material safety data sheets. That is in progress. The triad system includes labelling, material safety data sheets and worker training.

He next made reference to the number of known and possible carcinogens and asked whether it would be desirable for the ministry to provide for substitution of known and possible carcinogens without regard to the question of designation, but quite apart from that.

My understanding from my branch directors is that employers are encouraged to substitute less hazardous for more hazardous substances. I guess a good example is the ethanol for methanol substitution. There are others, for example, cadmium at Aerofin.

The minister addressed the question of teachers and agricultural workers under the act. I did want to say a word about performance objectives, if I could. First, about the health care regulations, I would like to spend a moment indicating what the process was in the development of the regulations and to indicate at the outset that the submissions that have been received in response to the draft of health care regulations are still being analysed. We are making careful note of the objections and suggestions that are being made in the submissions.

The regulation for health care facilities was produced after scrutiny by ministry officials of three documents. The first was the Health and Safety Manual of the Ontario Hospital Association. The second was a list of hazards to which members of the Canadian Union of Public Employees felt they were exposed. The third was a list of hazards presented to the ministry by the Ontario Public Service Employees Union. Finally, the regulations and guidelines in place in other jurisdictions with respect to hospitals were reviewed.

The draft regulation was developed and then reviewed by management of the industrial health and safety branch in light of its inspectors' experience with respect to hospital inspections. As you know, the hospitals were being inspected under the regulation for industrial establishments, using that regulation as a guide.

Provisions were subsequently made by the industrial health and safety branch, reviewed with inspectors and reviewed then with senior management of the division, including myself and Dr. Robinson, and with the Ministry of Health.

The regulation, as published, is what is termed a performance objective type of regulation rather than a specification type of regulation. A performance type regulation is one which specifies an objective without identifying the manner in which the objective is to be achieved. A specification type regulation specifies in detail the manner in which the objective is to be achieved and may not necessarily specify the objective itself.

The regulation for industrial establishments is a performance type regulation. Perhaps the one you raised is one we will have to take a very close look at. It sounds like it. It may very well be one that needs revision. A good example is, "Everyone exposed to the hazard of foot injury shall wear appropriate protective footwear."

Now I can see health care workers arguing that that kind of regulation has nothing to do

with the health care facilities; that has to do with construction workers or mining workers. But when you ask the workers and management, "Are your workers exposed to the hazard of foot injury?" they say, "Well, yes they are."

3:50 p.m.

Now the ministry does not say what the protective footwear should be because it relies on the internal responsibility system and on the committee in consultation with management to determine what is the most appropriate protective measure of the many that are available for the particular conditions of that work place.

Mr. Wildman: They are concerned about back injuries, too, but mainly about exposure to chemicals and other biological agents that will require specific regulations to say how much exposure a worker can safely endure and how they are to be guarded from greater exposure, with specifics on each agent. If you do not do that, it will take a long time and you will probably end up with different approaches in different locations.

Mr. Goodman: Again, we continue to analyse the submissions. Biological hazards, as you know, are already dealt with under the act, under section 145 of the regulation, which does not specify the particular biological hazard. There are designated substance regulations in place for the control of toxic substances. The fact that particular biological hazards are not identified has not prevented the ministry in the past from ensuring that workers are protected.

You have my promise that we will review the kind of general provisions you and others have indicated may be undesirable with a view to determining whether or not it might be better to specify more precisely what the method of achieving the objectives is.

I have one final comment. This is the latest score with respect to applications in the Elliot Lake commuting area for relief under the program to reduce radon exposure. As of November 25, 70 requests for testing had been received and 23 tests had been completed. My information, as of a few minutes ago, is that none of the results tested above 0.2 working levels. I understand there were about 225 eligible miners. Of those eligible miners, 70 requested tests and 23 of those tests have already been completed.

Hon. Mr. Ramsay: There are three points that Dr. Robinson wishes to address. I think they are all important. We can leave these until after Mr. Haggerty speaks, if we have time. They are carcinogens, hazards to reproduction and radia-

tion doses to organs as opposed to the whole body. If we do not get to them, Dr. Robinson will provide that information to Mr. Wildman.

Mr. Goodman: The only other point I want to address was the question of the uranium miners in Elliot Lake, which was the final point that was raised, I believe.

As Mr. Wildman knows, negotiations are under way among the federal government, the provincial government, the unions involved and the companies with a view to the Atomic Energy Control Board passing a regulation that would incorporate by reference the Ontario Occupational Health and Safety Act and other applicable regulations. Our inspectors would then be statutory agents of the federal government for the purposes of enforcing those regulations. The provincial Attorney General could undertake prosecutions without regard to the federal government.

The only reason those negotiations have not reached a culminating stage is that the unions wanted an opportunity to address the right to complain about a reprisal to the Ontario Labour Relations Board in the collective agreements that are at present being negotiated. Once this is done, it is my understanding the regulations will be proceeded with.

Mr. Wildman: Then you will not have to wait as you have done with a number of inquiries' findings in regard to fatalities at Elliot Lake, for a decision on prosecutions from the federal government? You will be able to proceed?

Mr. Goodman: That is exactly right.

Mr. Martel: You will wait forever.

Mr. Wildman: You will wait forever while you wait for them to do that.

Mr. Goodman: They will be treated no differently than any other prosecution under the act. The decision to prosecute or not will be made by provincial rather than federal officials.

Mr. Haggerty: I want to cite a couple of quotes from the Weiler report, *Protecting the Worker from Disability: Challenges for the Eighties*.

On page 20 it says that in 1978 an estimate was prepared by a group of scientists with the National Cancer Institute, the National Institute for Occupational Safety and Health and the National Institute for Environmental Health and Safety. This document estimates that "somewhere between 23 per cent and 30 per cent of future cancers in the United States, or a range of 80,000 to 150,000 cancer deaths a year—would be attributable to current or past

ous work place exposures to just six established carcinogens."

There is some controversy over this report, at the conclusion, the common premise of both sides, according to this Weiler report, is that about 90 per cent of cancers are environmental rather than genetic in origin.

According to the report, the authors of the estimates paper selected six major established work place carcinogens: asbestos, arsenic, benzene, nickel, chromium and petroleum products. They left out other well-known carcinogens such as radiation, vinyl chloride, cadmium, coal tar pitch and other substances.

The words I am looking at there are the protecting and prevention measures that should be applied through the Occupational Health and Safety Act. I read with interest the findings and studies in certain areas of the Occupational Health and Safety Advisory Council. I do not know if they have reached any conclusions in either their 1982 or March 1, 1983, reports.

A concern has been raised by my colleague about the situation in Elliot Lake. I was a member of the Ontario select committee on hydro dealing with nuclear safety in Ontario. I had the opportunity to visit the two mines at Elliot Lake, Rio Algom and Denison Mines. I found a night-and-day difference between those two mines.

At Rio Algom, you could feel the movement of fresh air through the mine. You could see that was going on down there without any smog or dust being present in the air. As for my visit to the new Denison mine, it really did shock a person to see the difference in the operations. You could smell the stale air. You could not even notice the movement of air through the mine because of the low mining operations, I guess you would call them the cuts through the veins. They are much lower than in Rio Algom. The diesel fumes were rather nauseating to me. That was my first experience.

I talked to different people in the mines, including some concerned citizens who appeared before the committee who told us about their husbands working in the mines and the difference between the mines and at Inco, particularly at Rio Algom, where the miners come home and are tired. All they want to do is sleep. It is not like it was at Inco. They could go down to the mines there, and because of the ventilation system there, the miners would come home and feel like going out and enjoying sports activities with their children. This was the difference in the mining operation, particularly

at Elliot Lake. There was just no light at all in that one mine.

I am surprised that very little has been done by your ministry or by the federal government and its agencies to come up with some new approach to providing better occupational safety for miners in the area.

4 p.m.

Even though we have had the Ham report dealing with this, particularly with the uranium mines up there and other problems, I do not think they have been followed through as yet. I did raise a question with Dr. Ham on one occasion, and he said, "It is not my responsibility to follow that up."

I am thinking of the Erco Industries Ltd. plant in Port Maitland, in the Dunnville area, where the theme was air objectives. The fluoride was going into the community there. I believe a study was done by the Ministry of Agriculture and Food at that time, by a Mr. Stewart. I do not think the difficulties we had with occupational health in that industry have been followed up.

A number of inquiries have been made to my office and to myself in particular about workers in that industry who have back problems. I do not have to tell you how fluorides can act upon the bone structure of the human anatomy. It causes some difficulties in that area. I am wondering about the follow-up on that now that we have an occupational health section in your ministry.

I have made a number of appeals to the Workers' Compensation Board. I have an appeal coming up before the board relating to asbestos. It is difficult to get the board to move in this area. I do not know—I did not listen to your 210-page introduction speech—

Hon. Mr. Ramsay: I will get you a copy, if you wish.

Mr. Haggerty: I will probably pick it up in the debates.

Hon. Mr. Ramsay: You could read it before you went to bed tonight.

Mr. Haggerty: I probably could. I would not learn any more than I know now though.

I do not know if you have covered that area. We are waiting for new decisions on the lowest possible level a person is allowed to encounter while working in an asbestos environment. I do not know if you have come up with a decision yet as to what is actually a safe level. In all the documents I have read, there is no safe level.

The same thing applies to hearing. I do not

know if we have the final report from the advisory council on noise levels.

Hon. Mr. Ramsay: I mentioned that in my opening comments.

Mr. Haggerty: Has it been lowered now, similar to what it is in the United States?

Hon. Mr. Ramsay: No. There is a tripartite committee that is looking at it right now. They are expected to report by year end.

Mr. Haggerty: I am amazed at that. When a person makes an appeal to the Workers' Compensation Board—it could be a union representative or even the person himself—it says: "Before a claim can be allowed for a hearing loss due to hazardous noise exposure within the employment, certain criteria must be met. A worker must have been subject to a noise level of 90 decibels or greater for an eight-hour period per day for at least five years."

I can imagine any person who is subject to a noise level of 90 decibels for six months would have hearing problems.

It goes on to say: "In addition, the loss of hearing in both ears must be 25 decibels or greater before a claim is allowed for medical aid benefits which include the provision of a hearing aid. If the loss of hearing is 35 decibels or greater in both ears, the claim is allowed for medical aid benefits plus a permanent disability award."

There is nothing mentioned about other hearing problems a person may encounter besides hearing loss, such as damage to the ear nerve. I am thinking of tinnitus. I guess that is the word I am looking for. That is not compensated for under the act, yet it is an industrial disease.

I have looked at your control of the work place in the area of carcinogens again. What is a safe threshold? We have been kicking this around for years now. It has been kicked around by experts. We do not have anyone who says there is a safe threshold.

There is a case on asbestos coming up before the board. It involves a small chemical plant. A member of your staff visited the place in 1973. They found high levels of asbestos fibre within the working environment about seven years after they ceased their operation, using asbestos in paint mixture.

The claimant has been subject to 20 years of exposure to asbestos, but I have some strong reservations that the claim will be allowed. They are coming out and saying that smoking is one of the greatest causes.

Mr. Martel: Not cigars.

Mr. Haggerty: Our party's policy has been and continues to be, that, regardless of whether the person is working and in what type of environment, particularly as it relates to hazardous material, it must be mandatory that the person shall be notified of what type of material it is, what the hazards are of working with the substance and what precautions can be taken to reduce the risk of an occupational disease. I do not think that should offend any industry or individual.

Notification should be made mandatory under the Occupational Health and Safety Act. The employee should be warned of the substance he is working with and the health risk involved. Thus, he is better prepared for it, he understands what he is working with, and he can take every precaution and use the proper safety equipment.

My colleague has mentioned the exemption under the act pertaining to firefighters in Ontario. Perhaps I can see the reasons, because in their profession one can never tell what they are going to encounter at a fire.

We do not even have the hazardous chemicals properly catalogued—perhaps they are a hazardous—as to which ones fire department or firefighters should be aware of. When they are called out on an emergency call, they should know what chemicals they are going to encounter and what the reaction will be when the chemicals burn.

A few years ago, the fire department I am familiar with practiced how to control oil fire. One of the oils they used to get was waste oil from the local hydro commission. Unknown to them, it was loaded with polychlorinated biphenyls.

Again, they should have been warned about that, but they used to go out, set up a small burner, put in gallons of oil and extinguish the fire with different chemicals, or use different types of nozzles to control it, so they would be better prepared in any emergency, not knowing the risk that was there.

I know of a case where a fireman has some difficulty now. He went in to have major surgery. When tests were carried out to determine the capacity of his lungs, they rated only about 70 per cent of what they should have.

The doctor asked, "Are you a smoker?"

He said, "No, I am not a smoker."

"Well," the doctor said, "there has to be some cause for this. What is your occupation?"

The man answered, "I am a firefighter."

The doctor said, "There is the answer."

Over the years he had been taking in noxious fumes, they built up and caused difficulties with his lungs. I do not know whether he would be compensated for that or not, but that is the risk of that profession.

I think firefighters should be included under the Occupational Health and Safety Act. We must provide them with some measure of protection. Of course, it is one of the most high-risk professions.

I am concerned about the matter of the firefighters and about the monitoring of the different chemicals in industry. I do not know what your ministry is doing to have a day-by-day monitoring of industries that are known to have problems in the occupational health area. There is a high risk of cancer in certain industries.

Do you have constant monitoring in these plants? I would like to know that.

In your estimates, we have, again, the chance to have the provincial lottery trust funds set up or having special studies done in certain areas of occupational health. I do not know what areas there are. We could discuss them now.

Did you have some comments in your opening remarks? Perhaps I could pick that up.

Hon. Mr. Ramsay: We talked about the moneys, Mr. Haggerty, but not about the programs. We could provide that for you.

Mr. Haggerty: You can provide that for me. How many programs do you have now?

Hon. Mr. Ramsay: Dr. Robinson could answer that.

10 p.m.

Dr. Robinson: I have some difficulty in producing the actual number. I would be pleased to look into it and get that list for you. There are, I would guess, 10 or a dozen in progress at the moment.

Mr. Haggerty: Has your ministry then drawn any conclusions in this area which would improve the Occupational Health and Safety Act by regulations or by monitoring in plants and industries to reduce that risk?

Dr. Robinson: I think the results of some of the lottery projects in progress will allow us a better understanding of what is needed and how we might better address some of the existing problems. They will not immediately lead to a change in regulations, but the results from them will give us a better understanding of what we should do.

Mr. Haggerty: Has there been a study that includes job stress in this particular area? Have

you not done any studies in this area? I notice the United Nations is doing a study, or has completed one in this area. I am just wondering if perhaps your ministry has done any research in this area at all.

Hon. Mr. Ramsay: Not to my knowledge.

Dr. Robinson: No. We do have a member of staff in special studies and services who has some in-depth knowledge of stress and stress-related problems. His expertise has certainly been brought to bear on the ergonomic aspects of the use of visual display units, for example.

Mr. Haggerty: Yes. I am afraid when you get into economics—

Dr. Robinson: Ergonomics, I am sorry.

Mr. Haggerty: I thought you said economics.

Dr. Robinson: Ergonomics. They are comfort factors and the fitting of the work place to the worker.

Mr. Goodman: Mr. Chairman, the member might be interested to know that one of the projects funded by lottery is a project being undertaken by Dr. Muir of McMaster University, a firefighters' heart and lung study. Another one is on emission control of underground diesels. Another is an epidemiological survey of silicosis in hard rock miners.

Mr. Haggerty: That study has been going on for quite a while, has it not?

Mr. Goodman: That is right. It has.

Mr. Haggerty: Should we not have some final conclusions on it now, or at least some step-by-step measures so we could perhaps bring in new guidelines?

Dr. Robinson: One of the examples we might touch on would be the funding which has gone into diesel emission research, and that has been a joint effort between the Ministry of Labour and the United States Bureau of Mines and Resources.

A number of aspects of the quality of emissions from diesel engines are being studied. We are already seeing some useful results in terms of how the modification of the fuel and the operation of the equipment can reduce the amount of particulate matter produced by the diesel engine and can reduce the irritant vapours associated with it.

We already have some tangible results. If these can be translated into the practical situation of the work place, and I think everyone is optimistic it will happen, then we have gone a long way toward solving some of the difficulties with diesel emissions.

Mr. Haggerty: This is one of the difficulties I find in some of these studies. They are lengthy studies, and I can understand it, because you are dealing with some scientific matters about which there is insufficient information. But surely we should have some further measures to protect the employees in these industries.

It seems to be a waiting game. If one appears before the Workers' Compensation Board, often the decision of the board is, "Dr. Muir is making a study on this thing," and they do not want to make a decision until that study has been finalized. There is sufficient evidence to indicate that the long-term exposure is there—I relate it to nickel and asbestos—but yet you cannot get the board to move on too many of those claims.

I think the Weiler report is very critical on that particular area. A number of claims were settled for disabilities through an injury to an arm, a hand, or something, but, when it comes to occupational disease, it was a different story. The numbers were away down at the bottom with about one or two per cent being allowed, and yet the problem has increased over the years, waiting for the board to make a definite decision in some of these areas.

It is always, "Wait until that study is completed." Yet there have been studies which have been done throughout the world. I know, in particular, there have been studies done on diesel emissions in confined areas and they are saying it is not the best place to be working.

Mr. Goodman: If I could just add, we are very sensitive to the problem you have just posed. What we will do is tailor the contract to provide for results to be released as they become available.

For instance, Mr. Wildman mentioned the Muller study, phase 2, which relates to lung cancer among gold miners. We have structured the contract so results will be released as they become available.

We realize what you are saying; that these results should be available to the board and to others. They should not have to await the completion of the final crossing of the "t" and dotting of the "i" in the final report.

Mr. Haggerty: We can talk about the diesel emissions again. I do not know if any day-by-day monitoring is done in these two mines. You could have carbon monoxide poisoning in the one mine, not related so much to the radon gases that may be there in the other problem area.

My question is about the carbon monoxide

poisoning. When a person comes out of the mine, his mind may not be functioning properly on account of it. He could get into his car and have a car accident or an accident at home. It is not really related to the industry, yet it should be. It could also cause other injuries in the industry because the person's mind is not functioning as it should.

Hon. Mr. Ramsay: Mr. Haggerty, you have mentioned mine ventilation on more than one occasion. I wonder if it would be all right with you if we asked Mr. McCrodan to come up to the table. He might be able to make some comments on mine ventilation.

Mr. Haggerty: I have seen the ventilation in both mines up there. When I looked at the Rio Algom system, I could see it is almost as clear as anything. But when I looked at the mine ventilation on the little island out in one of the lakes near Rio Algom, I could see the black foul air coming up from it. The difference between that and what it was at Rio Algom is like night and day.

Hon. Mr. Ramsay: I was not necessarily going to ask Mr. McCrodan to comment on the difference between the two mines but on the work his branch is doing in the area of mine ventilation.

Mr. McCrodan: My name is Peter McCrodan and I am the director of the mining health and safety branch.

Since that trip we were on—I was there with you. That was in 1980, was it not?

Mr. Haggerty: No, it would not be in 1980; I think it was in 1978.

Mr. McCrodan: The one where the fatalities—

Mr. Haggerty: No, this was with Ontario Hydro. We were down at the 7,000-foot level which is where the three fatalities were.

Mr. McCrodan: That was about 1980 because that was the time of those three fatalities. Anyway, Denison Mines has better than doubled the ventilation throughout the mine and the distribution systems. They had 100 three-foot diameter fans, for instance, that had to be put into the extremities. All this work was done shortly thereafter. The ventilation now, I can assure you, is very strong.

They also have introduced worker inspectors; they have five or six at Denison and about the same at Rio. They do their own monitoring.

Mr. Martel: The company has done away with their inspectors?

Mr. McCrodan: Yes, if you have a good set of the kind of inspector or another—the main thing is to have a good one. They do the monitoring and we do the auditing and that is the way it is undertaken.

As far as we are concerned, if we run into a loading that is deficient, then at this point, they either conform or they close down until they do. Most are just a matter of a single heading—they have two diesels in there when they should have one, or something of that nature.

It is getting so that the monitoring system is pretty well being taken care of by these fellows in that area. I would say there has been a tremendous improvement.

Mr. Haggerty: But there had to be three hearings before any action was taken by the government responsible for it—it could be the federal, it could be the provincial—I think it is the federal in this particular situation, is it not?

Mr. McCrodan: Yes, but we were still present.
20 p.m.

Mr. Haggerty: I know about the rumbling and that feeling there was in that area at the loss of three miners. You can rest assured that the loss of life usually brings on some changes in safety measures. I am delighted to hear that Rio Tinto has improved on the ventilation system.

Mr. McCrodan: You mean Denison Mines.

Mr. Haggerty: Denison, you are correct; I stand to be corrected. Mr. Martel was telling me that Denison painted the mill all yellow.

Mr. Martel: Is that not wonderful?

Mr. Haggerty: It is wonderful. That is the same colour as the yellow cakes, so you cannot see the dust up on the beams or any place. I do not have to tell you about the risk involved there because we have seen their waste containment ponds. I guess the final result of that is that they pick it up and put it back through the mill again and that increases the possibility of radon daughters or gases. Is it tritium?

Mr. McCrodan: Radon daughters.

Mr. Haggerty: Radon daughters. There was the particular part of the uranium that was enriched, you might say, that is going back through the mill process again. This is one way they enriched the tailings. Now I suppose they are using yellow paint on the walls. Are you not concerned about that?

Mr. McCrodan: We sample there, too, and monitoring is carried out by their own people. As far as we are concerned, they are doing a

darned good job. We know what they are doing. We confirm with our audits of their work that it is working properly. As a matter of fact, on the radiation side this is basically an Atomic Energy Control Board exercise. They took two of our fellows, Bob Cannon and another fellow, who are doing the work for them on the radiation exercise. That part is AECB. I know they monitor very closely.

Mr. Haggerty: It was because of the Occupational Health and Safety Act coming in that the monitoring started.

Mr. McCrodan: It started before that; it started with the Ham commission becoming aware of everything.

Mr. Wildman: The Occupational Health and Safety Act came in as a result of the Ham commission. It is unfortunate that those guys are not covered by it.

Mr. McCrodan: They are by agreement.

Mr. Haggerty: I think the day that we were up there, it seemed to work out very well. They had their own inspectors on the job.

Mr. McCrodan: That is right. There is a lot of co-operation now that was not there before.

Mr. Haggerty: It was not there before, not until after some deaths. I go back to the word "prevention." Under the Occupational Health and Safety Act, the occupational health sector of your ministry has a great task. The only way to do it is to reduce the number of occupational diseases through some preventive measures, by constant monitoring of all these plants and having a catalogue of all the chemicals they are using.

The employees should be notified of the chemicals they are working with and the hazards that can follow. It should be made mandatory that they be informed of the hazardous chemicals they are working with. That should be a must for this ministry and even for your inspection staff when visiting.

Mr. Martel: The ministry does not know.

Mr. Haggerty: It does not know. We hope the message will get through to them. I have every confidence in the minister that he is listening and that at some time, when these reports are finalized, he will take the bull by the horns and do something in this particular area.

Those are my comments, Mr. Chairman.

The Vice-Chairman: Does the minister have anything?

Hon. Mr. Ramsay: Dr. Robinson has the

remaining answers to Mr. Wildman. It should not take too long.

Dr. Robinson: I will be brief, Mr. Chairman. I wanted to make one or two comments about carcinogens. Mr. Wildman raised the problem of the number of known and suspected carcinogens that are in use.

I think this is a concern that many of us share and something that is exercising me particularly at the moment in terms of what can be done and better control. One of the biggest difficulties we face in this field is the difficulty of identifying what is a carcinogen. Substances that have been in the work place for many years are even now only being identified as carcinogenics by chance. While it would be nice to have definitive testing of everything, I think it behooves us all to take a responsible attitude towards chemicals in the work place and treat them with the respect you indicated they deserve, namely, consider them guilty until proven innocent.

We have not yet received specific advice from the advisory council in respect to carcinogens and whether or not it is appropriate to introduce a particular policy. I can see a lot of difficulty in trying to control carcinogens as a group of substances. I can see a policy issue in terms of how to deal with substances which are known or are suspected to be carcinogenic in man and to lay down some general principles. That is a very active matter with us at the moment.

You also mentioned the hazards to reproduction. Again, this is an extremely difficult area. It is one we are acutely conscious of in terms of developing the regulations for designated substances. The hazards to reproductive physiology is one aspect that is being considered with all substances. This is not just the hazards to women or pregnant women in the work place, but the hazards to men in the work place as well. I think we have to recognize that both may be affected and each may not be affected by the same agent.

I doubt very much whether, because of the wide variety of chemical substances involved, it will be possible to deal with hazards to reproduction as a generic regulation, but certainly those factors are being considered in terms of the specific content of designated substance regulations at the present time.

Mr. Wildman: Again, I have serious concerns about moving people rather than getting rid of the hazards.

Dr. Robinson: I think we all share that concern.

You mentioned the problem of the assessment of radiation doses and the move away from whole body to specific organs. I regard this as a progressive move in that one is looking at the effect of radiation on the particularly sensitive organs, as opposed to the body as a whole where the damage may be infinitely less. The thyroid, for example, is particularly susceptible to the effects of radiation. I think it is more protective to consider the effect on that particular organ than it is to take the whole body dose into account.

As to Ontario moving ahead, I think this is the result of a move by the international radiation community. This is seen as progressive rather than regressive, in terms of the effect of exposure—

Mr. Wildman: Are you telling me that overall it will mean less dosage?

Dr. Robinson: The intent is to reduce the dose to the most sensitive organs. The move is towards greater protection rather than less. I believe that is the basis.

Mr. Haggerty mentioned Professor Weile's report and the number of cancers in the workforce attributable to environmental factors. I hesitate to get involved in the statistics now, but there are a number of estimates as to the proportion of cancers attributable to workplace exposure, as opposed to the environment in general. The most conservative estimate is somewhere in the order of four or five per cent. Regardless, any cancer because of a workplace hazard is one too many. We are not working from the assumption that percentage is important, but rather we are seeking to eliminate those hazards.

Mr. Martel: He says, according to the medical people, one in 17 is the number of people who are dying of cancer related to the workplace.

Dr. Robinson: Yes. My reference was Professor Sir Richard Doll's statistics, which refer to some four to five per cent of the total being due to occupation-related hazards, opposed to the environmental in general, which includes many other substances as well.

Mr. Wildman: Could I ask a supplementary question really concerned about the comments on radiation hazard as they relate to individual organs. It is my understanding—and I hope it is wrong and you can correct me—that the pro-

posed changes will mean greater exposures than five rems to individual organs.

Dr. Robinson: I do not have the figures. Maybe I can look into it and get back to you on the specifics of that.

Mr. Wildman: That is my information. If that is correct, I cannot accept that position.

Dr. Robinson: I will check into that, but the general direction is towards reducing the hazard to the individual. I will have that checked out for you.

Mr. Haggerty was asking what a safe threshold is, particularly in the context of carcinogens. I wish I could give him a definitive answer on that. The approach we have taken in developing the designated substance regulations—for example, for vinyl chloride, which is already in place—is that we should reduce them to as low as can be achieved on the side of safety.

We have looked at the available statistics relating to human epidemiology or whatever animal data have been available to try to define and assess the risk associated with exposure at various levels. It is a very difficult area because there are so many unknowns. We are including an ALARA requirement, as low as reasonably achievable, where there is a known or a suspect carcinogen to indicate that we should reduce, if at all possible. We simply do not know, in some instances, what a safe dose is, if in fact there is a safe dose.

Mr. Haggerty: That is one of the difficulties we have in an appeal at the Workers' Compensation Board. A few years ago the benefit of the doubt was usually given, but not today. I find it is getting tougher and tougher because there has been no safe level set there. It could be any level, four or five rems or whatever it may be, or it could be anything. But even in the setting of five rems it is questionable whether it is a safe level or not.

Mr. Wildman: Sure it is. There is no such thing as a safe level.

Mr. Haggerty: That is right; that is the whole point. The risk is there. That is what should be considered. It should not be based upon a factor that somebody in science pulled out of the air someplace and said, "I think this is it." We get different opinions and nobody knows where we are heading, for Pete's sake.

I think as long as there is long-term exposure, that should be good enough to say, "Yes, the risk is there and you should be entitled to an occupational disease compensable claim." That is not the case any more. They are waiting for all

these reports and studies to come in. You can go through them. You can look at the reports. They deal with the industry's grading of the chemicals in the first place. They are basing it upon what they feel is a safety factor in the use of the chemicals.

Mr. Goodman: Mr. Chairman, I do have some information in response to questions by Mr. Wildman and Mr. Haggerty.

Dr. Robinson: Can I just deal with that point?

Mr. Wildman: I wonder if we could defer those and you could give that information to me, so my colleague the member for Sudbury East (Mr. Martel) will have some time to ask some questions.

Mr. Goodman: Certainly. The only other thing I wanted to say, in response to Mr. Haggerty's remarks about firefighters, is that they are covered by the Occupational Health and Safety Act. Earlier this year we passed a regulation for head protective gear for firefighters, recognizing that firefighters are exposed to hazards. The ministry continues to work with a committee to identify other pieces of protective equipment and regulate them as required. We are working very carefully to try to protect firefighters.

Secondly, you asked whether we constantly monitor the chemicals used. There is a notification under the act with respect to new chemicals. For chemicals now in existence, our inspectors inspect on a cyclical basis and on a special investigation basis all establishments other than those that are excluded under the act—and farms and homes, I guess.

There exists at present an obligation under the act for an employer to provide information, instruction and supervision to a worker to protect the health or safety of the worker and to acquaint a worker or a person in authority over a worker with any hazard in the work and in the handling, storage, use, disposal and transport of any article, device, equipment or a biological chemical or physical agent. The act also requires the employer to take all reasonable precautions in the circumstances for the protection of the worker.

Mr. Chairman: Mr. Gordon, did you wish to give your time to Mr. Martel? He wants it.

Mr. Gordon: What is it worth?

Mr. Martel: I have only a few comments. First of all, let me say I had the pleasure of meeting the miners a couple of weeks ago. Mr. McCrodan was there and some of the ministry staff. They were intrigued by my report; they thought it was

a fairly good report. They did not agree with all the recommendations, mind you, but they thought it was a well-documented report. Coming from the mining association, with which I have been known to be at loggerheads on occasion, it made my day. What will come out of the report is what is to be seen next.

I have a couple of issues I want to raise. One of them is the seven-shift schedule in the smelters. What bothers me so much about this—I moved a private member's bill a number of years ago—is that we know that the seven-shift schedule creates a series of problems. For those of you who do not understand it, it means that if you jimmy up the schedule, you can work a guy 10 shifts in a row without any time off. That might be okay in some industries, but in a smelter or a place like that it is hot—and in summer it is really a bakery. You go 10 shifts without any time off.

We also know that schedules are done counterclockwise, while your own documentation says it should be done the other way. That is why you have problems with jet lag, apparently, and people take an extra day when they are travelling and so on. In fact, most of the severe accidents start to occur shortly after midnight and reach a high point about 3 a.m.

I am suggesting that with all those factors in your own studies surely it is time the ministry protected those workers. If they are sick, they are more severely sick than someone else who is not on that sort of schedule and in shift work. I just think we really cannot allow that to go on any longer. I realize that industry will find it unpalatable, but health and safety has to come ahead of shift schedules that allow industry to count Sunday starting at 8 a.m. as opposed to some other time such as midnight. They get away with it, and I just think the ministry has to say no.

You might have to designate it industry by industry; you might not be able to make it right across the board. But for those people who work in very hot industries, steel mills from your own area, if that company happens to be in it, I think after five working days workers are entitled to some time off, and the studies indicate that this is really what is necessary.

I want to deal with only two other areas, one of which leaves me a bit puzzled. I followed the Stan Gray hearings with interest. The thing I find most disturbing about it was the testimony given by Mr. Bergie, which indicated that the ministry was writing reports which were being sent out to the field and those people who were

in the field merely signed them, even though they might not concur with them.

4:40 p.m.

I remind you that Mr. Bergie was told by the chairman that he was close to perjuring himself and that really worried me. I spoke to Mr. Grainger. I spoke to the reporters who were following and that worries me. I am told the practice is not just an isolated incident.

I really believe that if we are sincere about health and safety, even if it is an unpopular finding to some corporations, that could be watered down—I do not think this minister interested in seeing any of it watered down—the facts have to come out, whatever they are. They fall where they belong, whoever is responsible.

That is why, as the minister knows, I have never supported those unions who have written to ask that a first charge not be brought against someone who was not wearing a helmet or who was caught without goggles. I will not buy it.

Mr. Melnychyn said you have reduced the number of repeat orders to 10 per cent. That is great, but what worries me is when those repeat orders do not deal with installing expensive equipment.

I understand that there are occasions—for example, if you are putting in new ventilating systems—when you cannot purchase the equipment or you have it ordered and it is being custom made; I understand those sorts of difficulties. I have difficulties with repeat violations that involve, let us say, something like guarding and you play from one piece of equipment to the other.

I do not think the health system works effectively in the United States, by the way, although we spent some time with them when we were there. In Washington we were not convinced that they operate as well as we do in Ontario, but they have a nice little system. The director can levy the charge and the cost, the industry has to come in and prove it was not too bad or not as risky or something and the fine might be reduced.

What they do for the repeat, though, is just start doubling, or adding to, the fine.

It seems to me that we should look at putting in the act a process whereby the director levies it instead of having it go to court, because the feeling is that is the only way they can control it.

The other one is in the health field. Although we did not cover it in the report we tabled, not that we are dumping people out of some of the other institutions and trying to get them into the community, many of those people are ending up

nursing homes, and there is an increasing incidence of violence occurring against the staff.

At the same time, because we have cut back spending in the health services field, the incidence of back injury is increasing in the health field, I am told. It could be a result of women being forced to lift heavy patients and injuring their backs. It is increasing so that nurses are now almost at the same level of back injuries in percentage terms as heavy industry.

I think the ministry has to watch that much more carefully, because if that is the case, you are going to have to look at funding to get the equipment. They tell me the difficulty is trying to get the equipment in place and lifting a patient out of bed. Too frequently nurses or nurses' assistants are trying on their own to assist a patient and are injuring themselves.

The other matter, the acts of violence against staff—and many staff are being assaulted now, because of the number of ex-psychiatric patients who are in nursing homes—is going to have to come under more careful scrutiny. Maybe it is being scrutinized; I do not know, but in my discussions with the Canadian Union of Public Employees people as we travelled, they expressed growing concern about the number of assaults occurring against women in the work place and in hospitals and about women who are now experiencing severe back injuries.

I have a number of homes in my own area where that is occurring. In fact, I am getting an ever-increasing number of nurses or nurses' aides who are filing for compensation because of back injuries. That problem is really growing at an alarming rate.

I want to leave time because I want to hear particularly about what is happening with people who are writing reports in Toronto that people have to sign in the field.

Mr. Chairman: You have about five minutes, minister.

Hon. Mr. Ramsay: On that particular point, Mr. Martel, you will be rather disappointed by my response, I am sure. The decision has not been written or presented on that.

Mr. Martel: I understand that.

Hon. Mr. Ramsay: Therefore, I do not want to comment on the Westinghouse Canada Inc. situation at all.

Mr. Martel: I do not want to deal with Westinghouse per se. It serves as the example. I do not know if that is widespread. It is

reported that it is widespread and that worries me.

Hon. Mr. Ramsay: I promise to give you a complete report on it just as soon as the Westinghouse decision is released. Okay?

Mr. Martel: Fine.

Hon. Mr. Ramsay: Perhaps, in the few minutes left, I would just take this opportunity to thank the chairman, who is absent today. I thank the vice-chairman for filling in for him.

I am particularly impressed with the calibre of the presentations that were made by Mr. Mancini and Mr. Haggerty for the Liberal Party and by Mr. Mackenzie, Mr. Wildman, and Mr. Martel for the New Democratic Party. We really look forward with anticipation to these exercises in the ministry.

I must admit that last year, being in my first estimates, I looked forward to them with trepidation. After I got into it, I realized it was a very worthwhile exercise; I really, truly thought it was. I looked forward to this year with anticipation, because so much comes out of it that is beneficial and productive.

The other point I would like to make is, a lot of things have happened in the ministry in the last while for which I cannot take credit, but one thing I would like to take a bit of credit for is the line of communications.

I have tried to respond to questions raised in the House, questions raised in here, the letters and phone calls that come to me, not only from the opposition members but also from the various trade unions and companies throughout Ontario. We go into complete detail. We get rather serious about getting back to them as quickly as possible and as completely as possible.

I say that only in the context that, while these estimates are concluding—except for women's issues next week—the door is never closed to anyone who is in this room today, or any of the opposition parties, to come to us with their concerns, and we will always be ready to sit down and discuss them, and see whether a resolution can be found.

Vote 2304 agreed to.

The Vice-Chairman: Thank you, minister, for your past 17 hours, and your staff for their time in the committee. We appreciate it. This really does conclude your appearance before us.

Next week we will do five hours on the women's program, and I believe Mr. Welch will be appearing. We are adjourned until 10 o'clock next Wednesday.

The committee adjourned at 4:48 p.m.

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Labour

Third Session, 32nd Parliament

Wednesday, December 7, 1983

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, December 7, 1983

The committee met at 10:08 a.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR

(continued)

Mr. Chairman: I call the meeting to order. We are continuing with the estimates of the Ministry of Labour.

Ms. Bryden: Mr. Chairman, I suggest that we divide up the time in the morning between the three leadoff speeches, so that we have the afternoon for cost questioning. I do not know how long the statement of the Deputy Premier (Mr. Welch) is, but I know that ministerial statements sometimes take up a whole morning. We really only have the morning and afternoon.

Hon. Mr. Welch: I think this is a very reasonable request. If this ends at 12:30—could someone tell me how much time I have? There is so much to say of a positive nature about what the government has been doing in this area, that it would be very hard to confine myself to a restricted period of time.

Ms. Bryden: I know. I can understand that.

Mr. Wrye: The minister indicated he had about 45 minutes. That is a little more than I had but it will take longer to justify than it will for me to criticize.

Hon. Mr. Welch: Is this all going on the record?

Interjection: Yes.

Ms. Bryden: A 40-minute speech—

Hon. Mr. Welch: How much?

Ms. Bryden: Forty minutes each would use up two hours. We have already used up 10 minutes.

Mr. Chairman: That is right. I think if we give the minister—

Hon. Mr. Welch: We used up 10 minutes waiting for you.

Mr. Wrye: Mr. Chairman, I will not be 40 minutes unless the minister is unusually provocative.

Mr. Chairman: We will get on this morning and then we will decide before we adjourn what we are going to do this afternoon.

On vote 2303, women's program:

Hon. Mr. Welch: Mr. Chairman, members of the committee, it is a particular pleasure for me to take part in these estimates of the Ministry of Labour. I do so in my capacity as the Minister responsible for Women's Issues.

Vote 2303 deals with the women's bureau, the women crown employees office, and the affirmative action incentives fund.

The Ontario women's directorate has been created as an appropriate stepping-up of our ongoing commitment to the women of our province. It encompasses activities which have been under way for a number of years, including the women's bureau, formerly with the Ministry of Labour, and the women crown employees office, also formerly with the Ministry of Labour, as well as new functions and responsibilities.

Ms. Bryden: Mr. Chairman, on a point of order. Does the minister have a copy of his statement?

Hon. Mr. Welch: I am not sure how much of this we are really going to be able to use, but I will provide you with a copy of what we do ultimately use. I do not have any extra copies this morning.

The Ontario Status of Women Council, formerly with the Provincial Secretariat for Social Development, reports directly to me as well.

It is important for us to expand our range of ways of addressing the needs of women. So the Ontario women's directorate has been created with a mandate to help us achieve justice, equity and fairness for women in all aspects of life.

To assist the members of the committee in their deliberation, I have asked senior staff members of the directorate to join us. I would like to introduce them to you at this time.

On my left is Glenna Carr, executive director of the Ontario women's directorate; the director of the women's bureau, who sits keenly waiting to get involved in these debates with a nice smile, is Alison Roberts; and on her right is Barbara Speakman, director of the women crown employees office. I am joined today by the executive co-ordinating officer of the Deputy Premier, Carl Sulliman, who is on Glenna Carr's left.

In 1973, in my capacity as Provincial Secretary for Social Development, I had the honour

to present to the House a green paper entitled "Equal Opportunity for Women in Ontario; a Plan for Action." That document was significant because it really permitted us to undertake a co-ordinated course of action on behalf of women. It represented a heightened awareness of the expectations which women had from society. It permitted us to begin to develop cohesive policy and program approaches to the problems women were experiencing in both the economic and social spheres.

The green paper gave us the opportunity to look at women's concerns in a consolidated and cohesive framework. Following a recommendation in the green paper, in 1974 we established the Ontario Status of Women Council, with Laura Sabia of St. Catharines as its first president. The council ably guided us as we proceeded to act on the array of recommendations set out in the green paper. Although the green paper was a major co-ordinated look at the issues concerning women, it was by no means Ontario's first move to help women attain equality.

Since this is the first opportunity for us to bring together some of this historical development, I thought it might be helpful for us to have it on the record because it does provide me, in my new responsibilities, with some appreciation of the work which has gone on and on which we will all build.

Under the heading of "Milestones for Women in Ontario," we would point out that Ontario was actually one of the first jurisdictions anywhere to respond to the phenomenon of women expressing their talents beyond the home. We were definitely the first jurisdiction in Canada to address these concerns with the enactment of the Female Employees Fair Remuneration Act in 1951. That act put the force of law behind this government's clear and unequivocal commitment to the principle of equal pay for equal work.

In 1968, this was strengthened and reinforced in the Employment Standards Act, permitting the government to perform routine investigation of pay differentials as a very normal part of the regular employment standards audits which are conducted around the province.

Exactly 20 years ago this year the government created the women's bureau within the Ministry of Labour. Its job is to assist with the growing participation of women in the labour force. It has been remarkably successful in addressing the many issues which arise as we usher in a new era that is likely to see 70 per cent of all women

working outside the home by the end of this decade.

We marked another milestone this year. It is the 10th anniversary of the Ontario Status of Women Council. That body has been extremely helpful in presenting information and views from all over the province on a wide range of matters concerning women. Just as significant is the increasing participation of women in the public service and, virtually, in every walk of life.

A brief statistical review would point out that women are making substantial gains toward participation as full and equal members of society. The wage gap is closing.

In 1973, the average annual earnings of all full-time female workers were 58.9 per cent of what men working full time earned. In 1981, women working full time in all sectors of the economy were making 63 per cent of what their male counterparts earned.

Within the Ontario public service in 1974-75 women were earning an average of 71.6 per cent of what men received. By 1983, this figure has now shifted to almost 76 per cent.

Obviously, let me be quick to point out that, though the gap is closing, we are far from having resolved the challenge of economic equality.

Let us look for a moment at the demographics of women in the paid work force. The size of the female labour force has grown from 1.6 million in 1977 to 1.9 million as of last year. Forty-two per cent of the labour force of this province is now made up of women.

With this great increase in female participation, trends have changed. The pattern has greatly altered. Now, almost half of the married women in Canada are working outside their homes.

May I point out that this is significantly different from the pattern of, say, 20 years ago. But perhaps even more significant is that the greatest increase in female participation is taking place in the 25 to 44 age group, the major child-bearing and child-rearing years. Some 76 per cent of women in this group are now working outside the home in this province.

We are dealing with a situation, then, that is of major importance in our society and one that is in a state of flux.

Some progress is evident in changes in the occupational distribution of women in Ontario's labour force. Within the past 10 years women's share of total employment in all categories has increased. The distribution of women is improving in such areas as engineering, law, medicine,

business administration, dentistry, accounting and agricultural sciences.

There has been a significant increase as well in women employed in the service sector though, I am quick to point out, this must be viewed in the light of predictions that the impact of technological change may indeed be detrimental to women working in this and other areas.

The part-time work force is growing more rapidly than the full-time work force. In 1982, part-time work by women in Ontario represented 15 per cent of total employment, as compared to 12 per cent in 1975. More than 70 per cent of part-time workers are women, a factor which widens the gap between existing male and female earnings.

Now a brief review of progress. We realized, long ago, that truly meaningful progress for women would evolve over a period of time and would require attention and effort on the part of many, including educators, parents, labour, and business—not to overlook government, families and women themselves. In the early 1970s, we decided it was time to take a global look at the range of concerns and to discern more clearly the agenda of issues that required action of some kind.

10:20 a.m.

As members will know, the 1973 green paper opened by clarifying several basic policy points which still apply to our whole approach to women's issues. It recognized that government had a major role to play both as an employer and as a leader in the province. It confirmed the government's intention to approach women as a specific and special group, while recognizing that an integrated approach would be desirable but only achieved fully in the very long run. It gave emphasis to the high priority with which the government has continued to treat women's issues. It also recognized that the policy structure had to be flexible to accommodate changing needs and circumstances.

What is important now is the agenda of issues that require our attention today, but in order to come to an understanding of what those issues are and to develop a sensitive understanding of how best to address them, I want to trace the progress we have made in establishing principles and standards and programs and practices that were articulated in the 1973 green paper.

It is the evolution of this set of concerns that has contributed to today's environment in which it is possible, desirable and necessary for us to have created the Ontario women's directorate. In essence, what we are really doing is both

expanding the range of concerns that we intend to address, and also, if you will, "turning up the volume"—which my friend the member for Windsor-Sandwich (Mr. Wrye) will understand from his electronic days—on our encouragement and support for implementation of measures that will bring about fair and equal treatment of women.

If you read it recently, the green paper, as you will recall, discussed a comprehensive and detailed range of concerns, and a review of progress that we have made in the intervening years shows that we can highlight several very important accomplishments.

Government has taken the lead role in the public debate on women's issues. It has established principles and standards by which government itself and the private sector can measure accomplishment. We have laid the ground work for staged and measured progress in the future.

Consider affirmative action, for example, something I am going to discuss in more detail in a little while if time permits. In the 1970s, it was imperative to set the standard that affirmative action managers would be appointed in all ministries. In 1983, the focus has now shifted to the "hows" of implementation.

As a result of our work, most personnel experts do not argue about the validity of affirmative action today. Rather, they discuss the strategy of implementation. The advantages are becoming obvious to everyone. Such a shift in attention indicates that government has been successful in establishing the essential condition of affirmative action as a valid operating principle within the Ontario public service; and in a number of large employers outside the government.

In many areas of women's concerns, such foundation principles must be established. Next, we must build upon the principles in order to satisfy the needs that women have articulated. In other areas, we are still at a stage of placing essential building blocks into the cornerstone of women's policy issues.

As was the case at the time of the publication of the green paper 10 years ago, economic issues have remained a top priority. The demands of fairness and equity have required that we look at a range of issues affecting the special needs of single women, the elderly, immigrants, native women and poor women. It is particularly important for us to continue to mitigate job segregation, to ensure that training opportunities are provided, to foster job creation and

small-business formation and to increase pension benefits for women.

In 1973, we committed ourselves to policies and programs designed specifically to improve the status of women and, as they were developed, the policies and programs fell naturally into two major divisions: recommendations pertaining to specific issues; and those pertaining to specific groups of women who were perceived to need special attention.

In many of the efforts directed towards women, the province established new principles for the treatment of women. As an employer, we took the lead in providing a positive work climate for women. With the establishment of structures such as the status of women council and the women crown employees office, government further provided a focus to efforts being made for women in both the private and public sectors.

There was recognition that the next stage in the progress of equal pay legislation must be to move toward the concept of remuneration on the basis of the value of the work performed, rather than simply on the basis of identity of the job alone. For this reason the Employment Standards Act was amended in 1974 so that evaluations could be made comparing jobs that were "substantially the same," although not identical.

In 1980, the employment standards branch of the Ministry of Labour increased the enforcement of equal pay legislation with a media campaign to inform employers and employees alike of this law. Consistent with this proactive thrust of the province, additional staff were given responsibility to conduct routine audits and investigations. As a result, by 1983 some \$2.2 million in back pay had been collected in adjustments to more than 1,900 women. To further assist employers, the women's bureau published job evaluation guidelines.

On Monday, my colleague, the Minister of Labour (Mr. Ramsay), introduced further amendments to the Employment Standards Act to permit the composite testing of job components. This will allow equality of jobs to be determined on the basis of a composite assessment. The four factors include skill, effort, responsibility and working conditions. They can now be compared collectively and aggregated rather than simply analysed factor by factor.

Amendments tabled last Monday also included protection against a female being hired to replace a male employee at a lower rate of pay,

and the prohibition of deliberately restricting jobs to employees of one sex who are then paid at a lower rate than when males and females were performing the work.

The green paper also identified adequate provision of maternity leave as especially important for women who choose to assume the dual responsibilities of working outside the home and parenting. Amendments to the Employment Standards Act were passed by the Legislature which provided for a flexible 17 weeks of unpaid leave with no loss of seniority or benefits.

Amendments to this legislation were just tabled in the House to provide further maternity leave benefits for women in the province. These amendments reduce the eligibility requirements for leave, and increase protection against dismissal or demotion for pregnant workers not eligible for leave.

The Minister of Labour has also promised to introduce amendments granting adoption leave.

At the time of the green paper, responsibility for protecting women's rights lay with the women's bureau. It was responsible for enforcement of the sex discrimination provisions of the Ontario Human Rights Code. The concept of equality of opportunity in the work place was greatly strengthened by the implementation of the revised Human Rights Code in 1981.

The new code made Ontario the first Canadian jurisdiction to prohibit sexual harassment by co-workers and by persons in authority. Sexual solicitation by persons in positions to confer, grant or deny benefits is prohibited by this legislation.

The Ontario government also issued a policy on sexual harassment in March 1983 for its own employees. The new code strengthens provisions against discrimination, and allows employers to undertake affirmative action programs to relieve economic disadvantages and to take special measures to assist disadvantaged persons or groups to achieve equality of opportunity.

Ontario human rights officers have been negotiating affirmative action components into case settlements for the past five years. Since 1980, the women's bureau has been working with the compliance branch of the Ontario Human Rights Commission to assist employers who have agreed to implement affirmative action strategies through the conciliation process.

In another area, this government undertook, in 1973, the responsibility of setting an example by eliminating what is referred to as sex stereotyping. For 10 years we have ensured that our own publications and related material,

including the significant area of educational materials, reflect the participation of women in diversified occupations. As a result, books included in Circular 14 have been analysed to eliminate sex bias.

10:30 a.m.

In 1981, the government's council of communications directors issued a report recommending that government communicators use guidelines to eliminate sexist language and sex role stereotyping.

In 1973, part-time work was seen as an appropriate and satisfactory outlet for the skills of men and women. The green paper made a number of recommendations. It suggested examining the feasibility of integrating existing separate bargaining units for part-time and full-time workers. It also recommended establishing pay rates for part-time and full-time workers and undertaking a major feasibility study on the provision of more part-time work in the province.

In 1983, partly due to the economic conditions that have prevailed in recent years, more part-time positions have been created than full-time ones. We are looking to ensure, at the present time, equitable treatment for part-time workers in the Ontario labour force.

Benefits, such as pension rights, have taken on a greater significance with the larger numbers of part-time workers. At the present time, the Ontario Labour Relations Board is discussing the possibility of a review of integrating bargaining units for both part-time and full-time workers.

In 1973 we began to look very carefully at our own treatment of our own women employees. Pay differentials were noted that demonstrated that traditional female occupations were generally undervalued in relation to male-dominated job categories and occupations requiring similar skills and education. In 1973 the difference could be rationalized as stemming in part from traditional differences in expectations and options of women in the labour force.

To address the wage disparity the government recommended that the value of work performance as well as market factors be considered in setting all Ontario public service salaries. Moreover, the Civil Service Commission began a study of the implications of adjusting pay levels on the basis of work value. As a result, the commission revised job classifications which had a male-female bias or basis.

A three-year study of a new classification system for all clerical and office workers was begun in 1979. It evaluated all clerical office

jobs using the same criteria in order to arrive at equal pay for similar kinds of work. The study also recognizes skills used in these jobs, and it takes account of such new-technology jobs as word processing.

In 1980, revisions to non-bargaining-unit positions were made. They involved a broad-banding approach, which has the advantage of grouping many jobs together for purposes of comparison.

Efforts were made to relieve economic hardship imposed on women crown employees who pay the full premium for hospital and medical insurance while on maternity leave. Paid maternity leave was introduced for women in the Ontario public service in 1982. The existing cost-sharing arrangements for employee benefits are maintained. Women employees also have the option of an additional six months of leave without employer-sponsored benefits.

Paralleling the government's proposal to improve the status of part-time workers in the private sector, consideration was given in 1973 to ensuring that part-time employees of the crown would receive merit increases and move up in classifications in a manner comparable to classified full-time civil servants.

The green paper also recommended including part-time workers in the pension plan of the government. At the present time, the Civil Service Commission is developing a proposal to provide prorated pension and other benefits for employees in the Ontario government who are part-time workers with a continuous employment status.

You will recall that two groups were identified as needing special attention: homeworkers and paid household workers. Homeworkers, as a result, are now protected for minimum wage. They are also eligible for vacation with pay, equal pay and collection of wages. This group includes people who work at home in such activities as producing handicrafts and preparing direct mail.

Domestic workers received certain protections under revised regulations to the Employment Standards Act in 1981. Domestic workers who work more than 24 hours per week for one employer are now entitled to minimum wages of \$24 a day, or in the absence of an agreement which establishes a regular pay schedule, \$3 an hour.

This arrangement is currently being reviewed by the Ministry of Labour with a view to further improvement, and I note the encouragement of my colleague in that regard. I hope we are both encouraged by the statement in that regard that

was included in the Minister of Labour's statement introducing his amendments on Monday.

All domestic employees continue to be covered by standards for determination of employment, pregnancy leave, pay for equal work and the collection of wages.

In 1975 the Employment Standards Act was revised to provide for flexible, 17-week pregnancy leave for any woman employed continuously by an employer for a minimum of 63 weeks prior to the expected date of the birth of her baby. The employee may choose how to take her leave, provided it starts no earlier than 11 weeks prior to the expected date of birth and ends no less than six weeks afterwards.

After the period of leave she is entitled to return to the same position, or one comparable to that previously held, with no loss in seniority or in benefits. A woman who is eligible for pregnancy leave cannot be dismissed for reasons of pregnancy.

Ontario, I would remind you, was the first jurisdiction in Canada to introduce a flexible policy, and I would be quick to point out that a number of provinces have since followed this lead.

The government decided to take positive action in seeking competent women for government appointments. By 1974 we had organized the Ontario Status of Women Council, about which I have already made some comments. One of its first tasks was to set up a talent bank of qualified women who could be appointed to agencies, boards and commissions. This has resulted in increased numbers of women being appointed to these bodies, an increase from eight per cent in 1973 to over 25 per cent in 1983.

Before my time has expired this morning, in these remarks by way of an opening statement I also want to underline a very important sector of our province, the provision of voluntary services, in which women are very active. We sought to increase the use of volunteer participants in government projects. We have also adopted a co-ordinated approach to providing financial support to voluntary organizations.

Today, about 54 per cent of all volunteers in Ontario are women. Efforts have also been made to convene in formal exchanges between ministries to share information regarding the work of volunteers within the ministry programs.

Apart from our families themselves, and there has been a great deal of emphasis placed on the institution of the family these days, there is no influence greater than that of education.

For women, this has become a very important area of focus.

The green paper raised a number of problems, and these have been addressed in a variety of ways. It was clearly recognized that sex stereotyping of male and female roles begins very early in childhood with the child's perception of her or his parents' behaviour and attitudes, and especially with the experience of sex differentiated games and toys.

The education medium has great power to reinforce these stereotypes, so research was undertaken by the Ministry of Education and the results applied.

Another thrust of activity to ensure that females maximize their potential has been to ensure that older female students receive guidance in career options and opportunities in all occupational areas regardless of their traditional sex orientation.

10:40 a.m.

In addition to communicating this policy directive to guidance counsellors, the Ministry of Education has issued support materials to classroom teachers on nonsexist learning to assist them in translating this policy into the reality of classroom practice and interaction.

In 1980, the Ministry of Education participated in a survey of 200 secondary schools in order to determine what affected female students in their choice of courses and career objectives. The whole educational system was reminded of the need to avoid all sex-role stereotyping in student selection for family studies.

Women's vocational guidance has not been restricted to the schools. The Ontario government has also considered the expansion of the women's bureau career centre, and also the use of educational television for career counselling.

The community outreach program of the women's bureau now effectively provides help to both government and community organizations in developing programs to help women enter the work force or improve their status therein. It focuses on women with special needs, including immigrant and low-income women. It assists special preparation programs, such as introduction to nontraditional occupations and women in trades and technology. These are offered at most of the colleges in our province.

The women's bureau also helps vocational guidance programs at the community colleges to encourage and accelerate the entry of women into nontraditional occupations.

The percentage of women enrolled in post-

secondary educational institutions is increasing at a very rapid pace. In 1961, to give some figures, the full-time enrolment at Ontario universities was 75 per cent male and 25 per cent female. Ten years later, in 1971, female enrolment had increased to one third of the total, and by 1980 nearly half of full-time university students were female.

It is useful to look at the actual numbers. From 1971 to 1980, the number of males enrolled in Ontario universities remained pretty well constant, increasing only by about 2,000. However, during that same period, the number of female students increased by 23,776. That is a very significant shift.

Women now comprise 50 per cent of post-secondary enrolment in undergraduate programs at Ontario universities. This trend is very important in the improvement of women's overall status in the labour force. You can well imagine now the pressure that this is going to create on any negative attitudes about traditional jobs and sex roles, and on any sort of institutional discrimination in the form of female job ghettos.

The role of government to set an example and to provide leadership in support of the aspirations of women is clearly a major one.

In an area that is ancillary to education, a review of sports activities, both in and out of school, was proposed to ensure there was no unnecessary sex stereotyping. In 1982, the government appointed a task force on equal opportunity in athletics to examine this proposal.

Guidelines for affirmative action for women students in the community colleges were issued to all college boards of governors aimed at encouraging women's participation in a variety of programs. The women's bureau monitors female enrolment in colleges and universities, and consults with colleges on strategies for encouraging women to enrol in courses where they are under-represented.

To respond to the need that was identified for expansion of training for special client groups, such as homemakers, a major training program for visiting homemakers is now offered at eight community colleges in our province. Rural women were identified as another group for whom educational and training opportunities needed to be provided—opportunities focusing beyond simply home economics.

Since 1973, female enrolment at the University of Guelph has increased 40 per cent, with enrolment in the 4-H clubs now being at 50 per cent.

To obtain redress for the inequitable situa-

tion of farm wives—whose wages were not tax deductible in the same manner as hired workers—Ontario succeeded in persuading the federal government to allow farmers to claim, as a tax-deductible business expense, any wages or salaries paid to their wives.

The Ministry of Agriculture and Food has appointed a task force to study the needs of rural women. It is currently compiling its report. It should be completed early next year.

The specific needs of immigrant woman in this province were identified in the green paper. Since that time, the women's bureau community outreach program has focused on the needs of immigrant women. The Ministry of Citizenship and Culture has provided both on-the-job language training and job preparation programs.

To take a look at the Ministry of Health, it has funded community health programs that are specifically targeted for immigrant women in their communities.

In September, the women's bureau and the Ontario Human Rights Commission jointly sponsored a conference on visible minority women. A committee of 60 women identified issues of concern and 15 open community meetings were held to involve visible minority women in this important process. The goals were to provide these women with an opportunity to meet each other, to share information and concerns, and to develop networks that will enable them to work together in the future.

The training needs of native women in Ontario were also identified as a major initiative that was required in 1972. Several responses have taken place in native education. The Ministry of Education has developed curriculum material for and about people of native ancestry. The ministry has co-sponsored, with the federal government, a native counsellors' program which leads to a certificate.

Now, we also have a native teacher-in-education program at Lakehead University. Its purpose is to increase the number of native teachers in northwestern Ontario. It is preparing these teachers to meet the special social and cultural needs of native communities. Lakehead University also offers a native language instruction program. Nipissing College's faculty of education has a program containing a course called Introduction to Curriculum for Schools Attended by Children of Native Canadian Ancestry.

Further, post-secondary programs have been developed for native people. They run the spectrum from legal aid for native women to small business management and carpentry.

We also talk about the needs of transient women because they were identified in the green paper as well. There are now 42 transition houses and a further 17 multipurpose hostels in the province.

Mr. Chairman, I have another 10 minutes. We will try to give some headings here.

Mr. Chairman: That will give the others three quarters of an hour each. Is that fair?

Mr. Wrye: He is getting to the meat of his opening statement.

Hon. Mr. Welch: If I were to have more time, I would talk about family law reform and the great progress being made there, but perhaps I will have an opportunity to do that on some other occasion. In fact, I would be glad to make a copy of this available to you and maybe we can make the whole statement part of the record. Is that possible?

However, I think maybe I would like to talk about the women's bureau, and then conclude with something about the work we are doing here with the new directorate.

It would be quite incorrect for anyone to assume that Ontario's response to the concerns of women dates from the publication of that green paper in 1973, because I have already mentioned some of the other things we have done.

10:50 a.m.

In 1963, we were also the first jurisdiction to establish the women's bureau. The women's bureau, in 1975, established the first affirmative action program serving service in Canada. The consulting service is typical of the type of work that the women's bureau has done since its inception and I think that particular record is one of which we should all be proud.

We talk of the work that is done assisting young people with respect to their careers and the publications of the bureau, but it may be that during the course of questions this afternoon we will have an opportunity to underline some of these programs from the bureau.

I did mention the bureau's outreach program, including participation in Ontario's youth programs, known as the Experience programs, and we have had a very interesting record of accomplishment and achievement in that regard, and in the outreach work throughout the province.

I for one, in the presence of staff, would want to commend the bureau for the work they have done and indeed for the leadership they provide.

We then go on to talk about equal opportunity within the Ontario government, and I think

I did make available to my critics the recent copy of the report of the women crown employees office which was just off the press yesterday, so they could rejoice with me in the accomplishments of the last year under the very capable work of those involved in the women crown employees office, recognizing there is much more to be done, but agreeing with me no doubt that we are moving in the right direction and that progress is progress no matter how you define it.

Here once again, we would pay tribute to the work of those in that office who have laboured so faithfully and with a great sense of commitment, keeping in mind the importance of the government itself setting an example, because it is a very large employer in this jurisdiction. The facts and figures set out in that report no doubt would provide us with an opportunity for some discussion this afternoon as well.

Out of the conviction that achieving full equality for women is vital to the equity and fairness on which our society is based, earlier this year, the Premier (Mr. Davis) asked me to accept responsibility as the Minister responsible for Women's Issues. He pointed out at that time that there were several reasons for this. One was that it was becoming increasingly evident that more women's issues affect several ministries and often more than one level of government.

There is a need for a focus, if you will, a co-ordinating role in the delivery and communication of programs and policies to assist and encourage women, so it was perceived that there was a need to analyse all proposals that come before cabinet for their effect on women. The Premier and my colleagues in cabinet recognize we must take an even larger look than we have up to now at the needs of women who are pursuing careers beyond the home.

To address these other concerns and needs, the Ontario women's directorate was created last May; Glenna Carr on my left was named as its executive director. The job of the directorate is to provide leadership in the environment in which women must function. The directorate exists to co-ordinate the planning, development and the delivery and communication of policies and programs to help and encourage women in all walks of life. The directorate consolidates and co-ordinates the work of the women's bureau and the women crown employees office.

The major new organizational component of the Ontario women's directorate working in parallel with the women crown employees office and the women's bureau, is a policy analysis and

communications group. Policy advisors with expertise in the areas of social, economic and justice issues are actively looking at a wide range of items to assess their impact on women and to access future needs for government action. Several officers of the directorate have specific program responsibilities, which I hope we will discuss during the course of these estimates.

There is really so much going on one gets pretty excited about the possibilities here of working together to address all these issues.

We talked of family violence and the role of the family, the whole question of personal security. No doubt we will have a chance to review that as well and the work we are doing in that regard.

May I close by saying that the women's directorate is now fairly well organized. There are several more positions yet to be filled as we proceed to discharge the responsibilities that have been assigned to us.

We are going to continue to work in all areas that I have discussed with you towards the goal of full justice, fairness and equity for Ontario's women. I am sure this is an objective we all share, although there may be honest differences of opinion with respect to implementation and approach; and they, no doubt, will provide the basis for a very meaningful discussion during the course of these estimates considerations.

I appreciate this opportunity to put some of these matters on the record and to file a full copy of this statement for the purposes of the record of the committee. I look forward to joining with my colleagues of the Legislature in a discussion of these very important issues.

Mr. Wrye: Mr. Chairman, it is my privilege as the Liberal critic for women's issues to attend these inaugural estimates of the Deputy Premier in his new responsibilities for women's issues.

I might note at the outset that in his remarks the Deputy Premier referred to the fact that the government is turning up the volume in this very crucial and important area. I might point out to him that it is important as well in turning up the volume to make sure that the message nevertheless remains clear, and I am not sure that in the month since his appointment the messages emanating from this place have been as clear as they ought to be.

I want to make a couple of comments on the minister's opening statement, as I made a couple of notes. I will be discussing this at some greater length in my opening statement and perhaps as we get into questions; and I regret

saying this, because I recognize the boundless enthusiasm with which the Deputy Premier comes to this role. But I am not sure that in getting carried away with his enthusiasm the minister has come to understand—and I think we may differ a little bit—that we are still discussing, perhaps even within the confines of our parliament, the validity of affirmative action as it pertains to the broad range of employers in Ontario.

I do not think, and I regret that I have to say this, that we have reached the point where we are ready to discuss with even the largest employers simply the methods of implementation. I do not think we have reached that point in the minds and hearts of Ontario's employers in the private sector and, indeed, in the public sector. Perhaps within this government we have reached that point, but within the private or public sectors I do not think we have reached that point.

As well, I might comment that while the minister indicated to us that the progressive policies of this government were in place long before the green paper, a lot of the initiatives over the last decade have emanated from that green paper. In one way that is encouraging; in another way it is not.

There remains much to be done even one decade after the release of the green paper. I would have hoped that this agenda to a great extent might have been cleared and the time might have come for another green paper that could set our targets into the latter half of the 1980s and the 1990s. I would encourage the minister to take a look at making that kind of new statement. I think it is very important.

I might add as a final comment that I was struck by the fact that the Ontario Status of Women Council came into force shortly after the publication of the green paper. As its first chairperson the government chose, no doubt under the great influence of the minister at the time and the Deputy Premier now, an individual who comes from near where the Deputy Premier lives. I am sure that had absolutely nothing to do with it; I know Ms. Sabia is a very qualified appointment. But I—

Hon. Mr. Welch: I have never been known to apologize for the great resource of competency that comes from the area I represent.

Mr. Wrye: Absolutely not.

Hon. Mr. Welch: Quality has always been a great characteristic of my area.

11 a.m.

Mr. Wrye: I do want to start out by congratulating the minister on his appointment. I want to add that it is my view that the creation of the women's directorate was an important step forward in the recognition of women's issues as viable and important subjects. Many issues predominantly important to women have been ignored for too long as not important.

The government's steps in the creation of the women's directorate shows that in Ontario, at least, these issues are important. I am glad to see that the women's bureau and the women crown employees office have been transferred to the directorate from the Ministry of Labour.

I must admit a little bit of concern—and this is something you may want to think about—that while the Ontario Status of Women Council has been transferred as well from the Provincial Secretariat for Social Development, it is under the jurisdiction of the Office of the Deputy Premier instead of the directorate. I simply make the point that this could cause problems in the future; perhaps there may be minor problems if the two cabinet posts are not so closely tied together.

Notwithstanding, the women's directorate is a positive step forward. We in the opposition are pleased to see the government taking these steps. We must remember that these are only the first steps—the beginning of the process that will end in true equality for women in Ontario. All too often we become complacent after making legislative moves, believing we have solved the problems when we have not.

The process started by the creation of the women's directorate will not be finished until the directorate is no longer necessary to safeguard the interests of women and can be dismantled. When that happens the process will be finished, because women will have at last achieved true equality with men.

We still have a long way to go before that day comes. There is still much to be done in Ontario to improve the status of women. It is my sincerest hope that the women's directorate can and will lead the way in improving the lives of women in Ontario.

The most obvious place to start is in the area of economics. The statistics show that women are grossly underpaid and underemployed by comparison to men, even in as "enlightened" a jurisdiction as Ontario. This is truly appalling.

As we all know, women earn on average 63 per cent of what men earn. The public sector wage gap is slightly better. It is around 75 per cent now according to the latest statistics just

released yesterday. This large and, I might add, totally unacceptable wage gap leads to further gaps in benefit payments such as unemployment insurance and pensions, which are tied to wages.

One of the main reasons for the wage gap is the types of jobs that women now hold. For example, of the total number of people employed in managerial and professional positions, 43.4 per cent are women, compared to 56.6 per cent who are men. By comparison, the lower paying clerical jobs are held mainly by women. Of those workers, 78.6 per cent are female, compared to 21.4 per cent who are male.

Women are not as well-educated as men, hence not as eligible for the well-paying jobs. In the female labour force, 55.7 per cent have high school diplomas only, compared to 50.8 per cent of the male labour force. It is encouraging, however, and the minister alluded to this, that although more men than women have university degrees, the percentages of both labour forces with some form of post-secondary education are about the same. That will continue to change quite dramatically.

I am not sure the government in itself is entirely responsible for that. I know the government always makes the point that it can only legislate certain changes and I think some of the involvement of the women of our society in post-secondary education is more a tribute to the women than to anything any political party might have done.

Although in 1982 the unemployment rate averaged about the same for both men and women, the unemployment rates in traditional male occupations are higher for women than for men. In managerial and professional jobs as well as in primary occupations—processing, transportation and materials handling—more women are unemployed than men.

These statistics are staggering. The net result is that women are still employed in job ghettos performing clerical and service-related work. Women who do go into nontraditional occupations are more likely to be unemployed than their male counterparts.

The jobs that women do hold are at the bottom of our economy's pay scale. As long as these jobs remain poorly paid and predominantly held by females, a large number of women will remain underemployed and poor.

No one program or initiative can hope to solve these employment problems, but a combination of programs will go a long way towards improving the pay and job opportunities of women. As I see it, three key initiatives are

necessary and the government must be seen as a leader in these areas. This is one area where I would agree with the government and the constant referral this minister and his colleague the Minister of Labour make to the arsenal of weapons. My only caveat would be that the weapons must be loaded, that the popgun approach is obviously totally inadequate.

First we need to educate women in particular and society in general. Society must learn that women have the right to work if they choose or to stay home and raise children if they prefer it. Both options are valued and we must endeavour to support women whatever they choose. Women must be encouraged from day one in their public education to go into challenging and perhaps nontraditional careers. While there is no shame in holding traditional jobs, everyone has the right to go as far as that individual's potential allows.

The next step after encouraging women to educate themselves for better job opportunities is to encourage employers to hire women for these jobs. For too long women have been underrepresented in management, maths, sciences, engineering, physical jobs and the full range of male-dominated positions. What is needed, in short, is an intensive province-wide affirmative action program.

Ontario has had an affirmative action program for the 896 largest firms since 1975. Since 1980 there has been mandatory affirmative action in the public service. The time has come to analyse these programs to determine whether or not they are having the desired effects.

Since its inception, the voluntary program has resulted, according to the latest figures I have seen, in 233 companies setting up affirmative action programs. This amounts to only 26 per cent of the major employers in Ontario in eight years. If the larger employers have had such a low response rate, one can only assume the worst for small and medium employers, the employers who employ the most women.

I was pleased last night—

Hon. Mr. Welch: Mr. Ramsay, I just wanted to acknowledge your presence. I was only representing you in your estimates, but did not want you to feel as if you could not say anything.

Mr. Wrye: Do you want to come in and help out?

Mr. Samis: Let him sink by himself.

Hon. Mr. Ramsay: I am in cabinet upstairs, although I would be available if required; but I am sure the Deputy Premier—

Mr. Samis: You can skate with the best of them.

Interjections.

Mr. Wrye: I was pleased last night to find on my desk—I thank the Deputy Premier for providing it so quickly—the 1982-83 report of the women crown employees office and even more pleased, as I think all of us were, to see a further substantial improvement in the status of women employees working for the province. If ever there was some justification for mandatory affirmative action, some statement that gains can be made once a commitment is in place, it is found in the 154 pages of this latest report.

I do not want to be an apologist for the government because the road is long and there are still many miles, or kilometres, to travel, but the decision of the government that it could no longer stand the political flak of job ghettos and equal pay inequities in its own backyard is slowly beginning to pay substantial dividends. My point, however, is this: if affirmative action works at Queen's Park, once the commitment is made, would it not be wonderful to see the commitment spread all over the province? If it will not spread by dint of its own inherent justice to more than half of our population, then perhaps the time has come to make sure it spreads by using the tools of legislation.

Having said that, I am encouraged by the latest report released yesterday. It is still my view that in the public sector progress is too slow.

According to the annual report of the office—which I got yesterday and which I have had an opportunity to peruse very briefly—in the year 1982-83 the percentage of women in the public service hardly increased. It was up to 41.8 per cent from 41.5 per cent. In four ministries there was negative growth in the number of women employed.

11:10 a.m.

The percentage of female executives increased only one per cent, from 7.3 per cent to 8.2 per cent. There were 44 women executives—this may be a little out of date; I did not grab all these numbers—compared to 598 men. While 456 men earned over \$59,000 a year last year, only 63 women did. Although the wage gap in the public sector as a whole is smaller than in the private sector, it is larger in some individual ministries.

In the Ministry of Energy, for example, women earned only 56.4 per cent of what men

earned. I might add there is quite a narrowing in that ministry and I am very pleased to see it.

I might add also, as an aside, that the gap in the Ministry of Labour narrowed, but only very slightly. My friend the honourable minister still has one of the worst records. He has a wage gap of over 30 per cent in the Ministry of Labour.

I hope you will take your friend aside and tell him the Ministry of Labour should be a leader in these areas.

Mr. Hennessy: You should explain what you really mean. You say he is friendly and then you give him a shot.

Mr. Wrye: I am always friendly.

Mr. Samis: It was a friendly shot.

Mr. Wrye: Yes, it was a friendly shot.

Mr. Hennessy: You picked him up after you shot him.

Mr. Wrye: Mickey will have an opening statement after birth.

Even in the senior payroll division, which consists of the directors, executive directors, assistant deputy ministers and deputy ministers of all ministries—in short, the very senior civil servants—women still earn less than men. One would assume that at this high level of wages would be on a par. In fact, women closed the pay gap only in areas where men are paid less.

The average pay for women did not vary a great deal from ministry to ministry, but the average pay for men ranged down from \$38,692 in Energy to \$23,365 in Health. As a result, women were paid 86.4 per cent of men's earnings in Health but only because men were paid less on average, not because women were paid more.

I would like to quote from an Orland French column published at the time of the release of the last annual report of the women crown employees office in May this year. Mr. French pointed out the problems with the government's affirmative action program when he said—and I quote from him quite extensively because I thought it was an excellent point:

"Since the public service has been shrinking rather than expanding, there isn't much room for an affirmative action program." It certainly is a problem. "Changes in the balance of sexes has to be done through attrition, not through additional hiring.

"The classic stereotypes of male and female roles are clearly reflected in the distribution of female employees among government departments. Where there is 'men's work' to be done, women have relatively fewer jobs. Transporta-

tion (building roads), Solicitor General (police), Natural Resources (mining and forestry), Correctional Services (jails) and Agriculture (farming) are among the ministries with the smallest percentage of female employees.

"Women have the majority of jobs in the ministries most closely associated with 'women's work' . . . Consumer and Commercial Relations (housework and shopping), Community and Social Services (child care), Education (teaching) and Health (nursing). Ministries with large clerical staffs also have a larger percentage of female employees."

In essence, as the minister can see, Mr. French is right. We do have a long way to go. We are making progress but even within our own building, within our own house, the progress is slow and the traditional stereotyping and the traditional job ghettos are still too predominant. In short, Ontario needs a new approach to affirmative action. We need to put some kick into our public sector program to quicken the pace of its results.

We also need some form of mandatory affirmative action in the private sector. Quite obviously, the private sector is in no hurry to begin affirmative action programs and it will not be until it is compelled to. As we have learned from the American experience, significant steps are taken by the majority of employers only after it becomes obvious that noncompliance is likely to threaten their self-interest.

I want to reiterate the position I took, and put it on the record here, with respect to affirmative action during the recent private members' hour debate on this issue. As an aside, I was disappointed that the minister was not in his place for the vote on that issue. As the minister knows it did come to a vote. I know he had an important engagement that evening, but I think if he—

Hon. Mr. Welch: He sat through the debate though.

Mr. Wrye: He did sit through debate. Unfortunately, he did not speak. It was unfortunate he was not there for the vote. I would have liked to see him break ranks with the rest of his colleagues and vote for it.

To return to my comments, I do not believe we can remake the world overnight. In that respect, perhaps I must part company with the third party, which apparently wishes to solve this important problem with the kind of sledgehammer approach which can only alienate the business community in Ontario.

While I must say quite forcefully that I am fed up with waiting for the business community to

get the message of volunteerism in affirmative action, there is a reality that the stick of mandatory action must be accompanied by the carrot of sweet reason. Affirmative action has not been the policy of this very government until recent days and that might lead to a business saying, "Now you have changed your mind, you are making things very tough for us."

If I have difficulty understanding the club-like approach to affirmative action from the third party, my difficulty pales when compared with the hear no evil, see no evil, speak no evil approach of this government. It is incredible, given the statistics presented in the estimates book, that there is even a necessity for debating the need for new government initiative.

Let me place on the record the views I hold on expanding affirmative action in the public and private sectors. I would first involve in mandatory fashion all private sector companies with more than 250 employees. These are not small or even medium-sized firms. They are major companies with an immediate ability and flexibility to move forward in an affirmative action program.

I would be tougher with the public sector and would implement mandatory affirmative action for all public sector organizations with more than 100 employees. The women of this province fund the public sector with their tax dollars. It is high time they received a proper return on investment in respect of an employment strategy to end the systemic discrimination that spills over quite substantially into the public sector.

I might add, I have not seen the latest statistics from those companies that are involved in the voluntary affirmative action program, but I might say that last year in doing the Ministry of Labour estimates I was quite startled when I noticed that the small number which are even involved include a lower percentage within the public sector, i.e. municipalities and the like, than within the private sector.

I find that quite disgraceful and quite unacceptable. I think the public sector should be targeted quickly for affirmative action.

Finally, I would move toward a measure of contract compliance. Those companies which wish to do a substantial amount of business with this government should live under the rules of affirmative action which the Parliament of Ontario considers important to the future economic well being of the women of Ontario.

I mentioned that three steps are necessary to improve the economic position of women. The

third, in my view, is change in our equal pay laws.

At this point I would truly like to be able to add my congratulations to the Minister responsible for Women's Issues and to ask him to convey my congratulations to his colleague the Minister of Labour, but sadly I cannot do so.

One spokesperson in the women's movement termed Monday's introduction of new equal pay legislation, embodying the so-called composite test, a betrayal of the women of Ontario. I share that view. The time has long since passed when the kind of cop-out excuse for not introducing equal value legislation should have been over and done with. Yet in my questions to Mr. Ramsay yesterday, all I heard was more talk of more studies by the women's bureau.

The minister has responsibility for the women's bureau, and my message to him is very clear. I think it is time to get on with the job, to complete the studies and to find out ways of implementing true equal value legislation.

If it takes a few more dollars to employ a few more people to get those studies done, then I am sure the women of Ontario, grateful as they are to be paying taxes on income averaging less than \$2 for every \$3 of the male population, will back you completely when you go to Management Board to ask for more employees.

I believe we need the larger and more complete step of full equal pay for work of equal value. I will go into that for a minute as to why.

11:20 a.m.

As the minister knows, the concept of equal value allows for the comparison of dissimilar jobs for the benefits of equal pay. This concept is vitally important because it is the only way, in my view, to raise the wages of many of the ghettoized women of this province.

We will always need secretaries, receptionists, sales clerks and other traditionally female jobs. Not all women want or are able to achieve high-paying careers, just as not all men want or are able to. Furthermore, not many men wish to enter low-paying jobs. As a result, these areas are and will remain female job ghettos until something is done.

Equal value can work. The federal government has been proving this fact successfully since 1978; the Quebec government has been proving it. We do not need staged progress with this living proof before our eyes; we need full equal pay for work of equal value. The women of the province need it urgently.

I want to admit and to reiterate, in response to something the Minister of Labour said, that

perhaps it is true that employers will not want full equal-value legislation because they believe it may be more costly. A lot of those employers also did not want minimum wages, child labour laws, the abolition of slavery or a host of other job-related government initiatives.

The government interfered with the market in these cases to protect the workers. Equal value legislation is simply another form of protection—indeed, as the composite test is.

On October 20 of this year the government joined the rest of the Legislature to vote to enshrine the principle of equal pay for work of equal value in the Employment Standards Act. That vote was on a resolution sponsored by my colleague, the member for Hamilton Centre (Ms. Capps).

I would like to point out to the minister, who I believe voted on that occasion along with the rest of us, that we did not vote for equal value for similar jobs; that is only a cosmetic change to existing legislation. We voted for equal pay for work of equal value for dissimilar jobs. I sincerely hope the minister will see fit to remind his colleagues of their support for this principle and that we will see legislation to this effect in the very near future.

There are other aspects necessary for women's economic improvement besides economic and employment policies. One of the most important is the provision of day care. Traditionally this item is considered as social, for the needy only, but it is economically vital to women's employment. Close to 1.5 million Canadian children need some form of full-time or part-time care while their parents work, yet in 1980 there were only 109,000 spaces in group care centres or licensed private homes in all of Canada. In short, there are not enough day care spaces for the children who need them.

Also, the day care income tax deduction of \$2,000 amounts to only half the annual cost of day care. In 1980 only 12 per cent of all day care spaces in Ontario were subsidized. Subsidized care ends once the child turns 10, which means that often children over 10 have no supervision after school.

There is a lack of day care in Ontario because government attitudes, perhaps reflecting some societal attitudes, have not kept pace with society's realities, and perhaps all of us in society sometimes do not realize that. The government still visualizes in its policies the

nuclear family, where one parent works and one parent stays at home. Only needy women work in such a society. Yet, as more women enter the work force, more day care is needed.

Day care has become an economic issue rather than a social one, because it is vital to keep women at work. If there is no day care available, it is the women who usually stay home.

With the rising number of one-parent families a lack of day care can doom the worker to welfare. If no care is available, unemployed parents cannot look for work, therefore risking the loss of their unemployment benefits. More day care will enable more people, specifically more women, to work. More day care will allow women to choose their own paths in life instead of being tied down because of the biological fact of childbearing.

In short, it is time for the government to rethink its whole approach to day care in this province. Day care must be readily available at affordable prices to all who require or request it.

Under the economic aspects of women's lives come topics like pensions and maternity leave. Again I welcome the changes in these respects to the Employment Standards Act that were announced this week. I find it disturbing, however, that the Ministry of Labour chose to ignore changes that I have introduced in these areas.

Indeed, we have not yet seen substantial pension changes, though the minister, in an answer to a question of mine earlier this fall, indicated that a major review of the whole area of pensions is under way. I want to remind the minister because I think the change I proposed would be a valuable and vital first step in overall pension reform and is one we could take now.

My changes to the act regarding pensions echo changes that have already been adopted, as the minister know, in Manitoba and by fiat of the US Supreme Court. My amendment would prohibit all differentiation on the basis of sex in employee benefit plans. At present the Employment Standards Act permits a wide variety of differentiation on the basis of sex, specifically payments determined on an actuarial basis.

My proposed changes in another area, the maternity leave section of the act, are intended to prevent employers from requiring employees who suffer from complications of pregnancy to take early maternity leave rather than sick leave, as happened in one case that was brought

my attention by a woman in the minister's end of the province.

The act provides that women on maternity leave are not eligible for disability benefits and that women who cannot perform their jobs due to pregnancy can be put on maternity leave. My amendments would clarify this last section concerning leave for women who cannot do their jobs due to normal pregnancy only.

I might add here that since I prepared this, I have received a letter from the Minister of Labour saying that an order to pay was made in the case. I am sure the minister is aware of it and that the overall policy is being reviewed.

I urge the minister to follow that review closely and that we bring forward any legislative changes that are necessary. I am certainly encouraged by what appears to be a new interpretation of clause 8(c) of the regulation, which will end this practice that quite truly discriminates against women for being pregnant.

There are many things the government of Ontario can do to improve the economic conditions of women in this province. We are on the right path, but we must not stop before the journey is over.

More than ever there is a rising concern about violence directed towards women. It is not enough that women are objectified and dehumanized in advertising, popular music and pornography. Today's public has become jaded and its limits have been pushed into the realms of violence and humiliation. We see it all the time: popular record and book covers portraying undressed women; pornographic magazines and movies showing rape, beatings, and even mutilation and death. Pick up any of today's pornographic magazines and you can see scenes that were unthinkable 20 years ago, scandalous 10 years ago, but commonplace and accepted today.

Last year the Liberal caucus authorized the formation of the Ontario Liberal women's perspective advisory committee. This committee strives to bring a woman's view to the issues facing our caucus and, indeed, facing the Parliament of Ontario.

One of the first things the committee did on its own initiative—I think that is terribly important; I am the caucus representative to the committee, but the committee sets its own agenda—was to form a subcommittee on pornography. It gives you a sense, minister, that perhaps we in the male-dominated Legislature have been a little slow to react to this issue and that the women have led the way for us—very

much so in this area. Their report and recommendations have been accepted in principle by the caucus.

The advisory committee recommended—I know a lot of this is federal but I want to put it on the record—that the definition of "obscene" under Canada's Criminal Code be amended to cover "any publication a characteristic of which, is the undue exploitation of any one or more of the following subjects; namely, violence, crime, horror, cruelty, sex and human degradation"; that "where one or more persons depicted is a child, it shall be deemed to be an undue exploitation of sex"; and that a "child" means a person under the age of 18 or being depicted as being under that age.

It also recommended under section 159 of the code, the possession, purchase, rental or leasing of any obscene matter whatsoever be included as an offence and that section 159 be amended to provide for forfeiture of matters believed by the court to be obscene.

In addition, the Customs Tariff Act should be amended so that "obscenity" as defined in the Criminal Code replaces "immoral or indecent" as the basis for barring entrance of materials into Canada. Peace officers charged with the responsibility of implementing the obscenity provisions must be given increased training and education to ensure consistent and appropriate enforcement.

11:30 a.m.

At the provincial level, the committee felt the Attorney General (Mr. McMurtry) has a responsibility to exercise his prosecutorial discretion to prefer indictment and consider greater penalties in the interests of general and specific deterrents. Similarly the Solicitor General (Mr. G. W. Taylor) should exercise his responsibility over law enforcement to enforce more aggressively the provisions of section 168 of the code, particularly with reference to broadcasters and film-makers.

The committee also recommended that section 222 of the Municipal Act be amended to make its provision mandatory rather than permissive, and to provide that all adult publications be displayed behind opaque barriers at a height of no less than five feet. A licensing scheme is needed to ensure that only licensed vendors can sell, rent or otherwise make available adult magazines, and that such licence may be revoked or suspended if legislative provisions are violated.

Hon. Mr. Welch: Is that not the case in Toronto now?

Mr. Wrye: I believe so. It is certainly not the case province-wide. Indeed, it is not the case in my own community where they have recently moved such a bylaw. As someone who saw an example of this in a corner store one day where a number of young people around the average age of 10 were gathered around some—perhaps it was not the hardest core material but it was certainly material that was questionable as to whether they should be seeing it, although it was at a level of about two feet, I think this change would be quite appropriate.

Finally, the committee advocated that the jurisdiction of the Ontario Board of Censors be extended to include commercially produced videotapes and any other audio-visual adult materials which may appear on the market, and that the community standards employed by the board be set out in the regulations to the Ontario Theatres Act.

It is my personal belief that these recommendations are valid and hit upon a solution to the problem of increasingly violent pornography. I had an opportunity to have a screening at the Ontario Censor Board earlier this fall and it certainly ruined a Monday evening for me. It is terribly bothersome. I say that as someone who likes to view himself as a civil libertarian, but there are some important considerations that we must take here.

As you know, my leader has suggested a select committee in this area and I urge it upon you, because it is not an easy issue. I think we all recognize that. It is the kind of issue that a committee of this Legislature, much as we have had on social development looking at wife battering and child abuse, may be able to gather together experts and hear expert testimony and reach some consensus for the province.

I sincerely hope the minister will consider that and that he will be willing to push this issue in cabinet and to bring to the cabinet's attention that these are matters which need to be addressed.

There is increasing evidence that the rise of violence and pornography has led to more violence against women in general. I recall watching the movie—I do not know whether the minister saw it—*Why Men Rape*. It stuck in my mind that the rapist interviewed regularly used some form of pornography. There has been some literature certainly written on that.

Certainly the statistics show that rape is still a pervasive problem in our society. One in 17 Canadian women will be raped at some time in

her life. Rape victims can be any age—from months to 90 years old.

It is estimated that only one in eight rapes reported. Of these, only 70 per cent are investigated further and of these, only 30 per cent result in charges being laid. That means—on this statistic is quite devastating—that a rape has a 94 per cent chance of not being caught. Those odds against the victim are terrible.

I spoke last week in the emergency debate which the member for Carleton (Mr. Mitche) proposed to the Legislature. I congratulate him for doing so, because I believe we can expect these odds to get worse.

At the end of November, last week, a young Ottawa woman was jailed for refusing to testify against her assailants. She was afraid for herself and her family. Instead of receiving the support of the legal system, which she had turned to for help, she was condemned for being afraid, while the accused went free.

I believe this kind of situation must not happen again. We must not allow women to be raped twice—once by a man and once by the system. The victims of rape need emotional support, not condemnation. They need more understanding than this woman was given.

I said last week and reiterate today, I feel very uneasy being a man trying to discuss this matter because I do not fully understand—and I do not think I could be expected to understand—the terrible emotional trauma that women must go through.

I hope the minister will see fit to recommend to the Attorney General that all officers of the crown be instructed on how to help rape victims decrease their anxiety, rather than increasing it.

Violence against women is not limited to rape and pornography. It exists in the home, as we know in the form of wife battering. The statistics here are also staggering. In 1978, an estimated 500,000 Canadian women—one in 10 of those married or living common-law—were battered by the men they lived with. Eight out of 10 of the women seeking shelter in a Canadian transitional house had been beaten while they were pregnant. One of every three residents in homes for battered women had been beaten weekly or daily.

On November 1 the government made public its long-awaited reply to the standing committee on social development's report on wife battering. While most of the government's initiatives are welcomed as positive steps forward—and I want to put that on the record—there are

number of areas of concern to the Liberal Party want to discuss, quite specifically, one today. In its response to recommendation 22 the government denied the need for separate legislation to fund transition houses for battered women and their children. Instead, it lauded the benefits of the current system of per diem funding under the General Welfare Assistance Act.

We all know that there are few benefits to per diem funding and many drawbacks. Funding is unreliable because it fluctuates with the occupancy rates of the houses, despite the fact that operating costs remain the same even when the house is empty.

Many houses have problems receiving per diem payments from the municipalities and, because only women deemed eligible for welfare are covered by the funding, many houses ended up paying for clients themselves, clients too rich for welfare but too poor to pay for themselves.

I believe the real experts on transition houses are the people who work for them. These people are united in their desire for new funding structures. A recent Liberal survey, which along with a statement is being released today under my name, shows 100 per cent support from the transition houses which have replied to our survey for block funding. These people want the per diem system changed and I hope the government will begin to listen to them and support them in their efforts.

I hope the minister will get a copy of some of the background, including some of the comments that were made.

Ion. Mr. Welch: Is that to be released today?

Mr. Wrye: It is a statement which is being released this morning, I believe.

I might just add that the questionnaire added, "Do you feel that block funding is more appropriate than the present per diem system for providing financial security to transition houses?" There was a 100 per cent yes response to that and a number of very interesting comments went with it, because we asked for their comments on that.

The second question was—in my own sense that was the crucial question—"Do you feel there are any other funding schemes which would be economically as viable as block funding?" The vast majority of the respondents who have replied so far, and we do not have all the responses in, replied, "No."

Three houses out of those which replied made alternative suggestions. I will not go into them, but it is interesting that when we specifi-

cally sought out alternatives, they themselves could not think of any.

Mr. Chairman: Another five minutes, Mr. Wrye.

Mr. Wrye: Yes, I have about another two minutes to go.

One of the last remaining vestiges of the chattel system where women were considered property is the change of a woman's last name at marriage and the naming of her children. In general, there are no problems with these customs. However, cases do arise where women and children are wronged by archaic laws and attitudes.

Recently, for example, a woman had to spend \$700 of her own money to win the right to have her maiden name used on her divorce decree. The judge had put her down under her ex-husband's name, despite the fact that she had never used that name during their marriage.

As well, last year Cynthia Callard was defeated in her attempts to give her son her own last name because of restrictions in the Vital Statistics Act on the surname a child is given at birth. I know I have had some involvement in one case in my own community where this has proven to be a very grave problem.

My colleague, the member for Prescott-Russell (Mr. Boudria), has introduced amendments to the Change of Name Act and to the Vital Statistics Act. These amendments will address the problems and frustrations experienced by parents who seek to change the names of their children upon remarriage. They will also remove all restrictions on the choice of the surname a child is given at birth, something of particular benefit to unwed mothers.

11:40 a.m.

In conclusion, Mr. Chairman, I feel that my remarks so far have led to my requesting two things of the minister and of the women's directorate.

First, many of the programs affecting women come under the jurisdiction of other ministries. I hope the minister will use his influence—he certainly made the commitment in our original discussions that he would have a role, but I hope he will use his influence as well as have a role—to bring about changes in these programs when necessary, despite the fact that they are under the control of another minister. It is very crucial here that the minister use his influence around the cabinet table and with specific ministers to urge these changes when there may be a reluctance to do so.

Second, I urge the minister in working with his colleagues to set about cleaning up various pieces of legislation, such as the Employment Standards Act or the Change of Name Act and, when necessary, to introduce freely, perhaps in his own right, legislation to eradicate any existing discrimination, which can no longer be tolerated or ignored in our society.

Ms. Bryden: Mr. Chairman, this is a somewhat unusual opportunity, as, for the first time, we have a Minister responsible for Women's Issues. It is something our party has been asking for for a long time, because there is a very long gap between the 1973 green paper on women and the 1983 appointment of a Minister responsible for Women's Issues.

During those 10 years there was very little new legislation; there was very little implementation of the many good recommendations in the green paper, such as some special attention to the problems of part-time workers and some consideration of the equal value of jobs and the comparison of equal value. The green paper promised that these would be looked into, but we had virtually 10 years of somnolence when women's issues were very much on the back burner. I am just hoping that the 1983 initiative of appointing a Minister responsible for Women's Issues will mean a real change of direction in policies affecting women.

I would like to congratulate Mr. Welch on his appointment. He is a very senior cabinet minister and has had long years of experience in various fields, including the Provincial Secretariat for Social Development, under which the 1973 report was produced.

I also welcome the appointment of Glenna Carr as the co-ordinator for the women's directorate. I have known Glenna for quite a number of years and I think she is one of the outstanding civil servants of Ontario, who has experience in a great many fields. I think it is very valuable that she is bringing her experience to this job.

I am also glad the minister indicated that he considers his portfolio to cover far more than what is in the estimates as women's programs, and I hope the discussion today will range over all the areas that affect women.

At the present time women constitute 52 per cent of the population of Ontario. There are 3,226,195 women in Ontario, according to the latest census figures. As we have been told by the minister, 1.9 million of those women are in the labour force, so a majority of the population comes under this particular portfolio of women's

issues. It is a very large group, and the question is, are we dealing with their needs?

Their needs are so diverse that I am surprised we have not had a minister in charge of women's issues until now, if one starts to look at the multitude of issues, many of which the minister mentioned and which my colleague from the Liberal Party also mentioned.

I have jotted down at least a dozen that come under this ministry. We will not be able to discuss them all today, but I am looking for action on all of them, now that we have a ministry responsible for these areas.

As I see it, there is the wage gap. The minister says women's wages are now 66 per cent men's wages. It is going up slowly, but there is still a big gap of 34 percentage points.

[Later]

Over the lunch hour the minister did supply us with a copy of his statement, which I appreciate. It enabled me to note, though, that he said women are making only 63 per cent of what their male counterparts earn. That is the figure understood was correct, but I thought I had heard him say 66 per cent. I would like to make sure that it is on the record and that we all agree that the wage gap is still 37 per cent.

11:46 a.m.

There is the question of affirmative action with only 230 programs in effect. My leader, a member for York South (Mr. Rae), worked out it would take 1,800 years to get affirmative action programs into the 53,000 establishments with 20 or more employees in this province. That was what his bill was proposing, that there should be mandatory affirmative action in firms with 20 or more employees.

I do not think we can wait 1,800 years to get affirmative action into those 53,000 establishments. There are actually close to 300,000 establishments in the province but, even if we concentrate on just the ones with 20 or more employees, we have a large number to deal with.

There is the question of adequate day care to enable women to participate fully in the workforce and also to look after the wellbeing of their children. If they are under unsupervised day care, we do not know what kind of service or what kind of care they are getting. There certainly is a great shortage of supervised day care. There is also a great shortage of subsidized day care. Since the whole cost of day care comes out of the parents' pockets, the quality is limited by how much the parents can afford to put up for it.

Other issues are the questions of batter-

women, family law reform, the treatment of domestic workers and maternity leave. A big area that has had little attention paid to it, although I understand the women's bureau did a study on it, is the area of microtechnology and its effect on employment.

There is the question of part-time work. The minister said 70 per cent of part-time workers are women. This was mentioned in the 1973 green paper report. The minister is now saying we want to provide equitable treatment for part-time workers, but he does not define what he means by equitable. I think nothing less than seeing that part-time workers get the same pay and benefits as full-time workers on a pro rata basis is what I would define as equitable treatment.

At the moment many of them do not get any benefits except, say, vacation pay credits, the right to collect back wages and that sort of thing. This question is becoming more and more important with more and more contract workers being employed. I think that is one big area on which we have to see some movement.

1:50 a.m.

The question of pensions for women is still a very important issue because only a small percentage of them collect anything from private pensions due to the lack of vesting except after 10 years and age 45. Women tend to move around from job to job, so they are not getting adequate private pensions. When they get the Canada pension plan, they have been contributing on the basis of wages that are much lower than many men and their pension entitlement is much less.

Then there is the whole question of pornography, which is an issue that is becoming more and more important as videotapes are emerging that do degrade women and as other forms of printed pornography are being widely disseminated. It is a very big, billion-dollar industry and I think we have to look at how it can be controlled so it does not degrade women or suggest that violence against women is acceptable conduct.

We also have the whole question of how the government treats its own employees. Women make up almost 50 per cent of the public service bargaining unit and I think this can be a bellwether of how it regards affirmative action programs.

Those are just some of the issues we should be looking at. I hope the minister will consider it his job to focus attention on all those areas and get some action, rather than letting each of the ministries concerned move at its own pace,

because, as I was saying earlier, they have been very slow.

The new setup with the directorate, having the two existing program operations—that is, the women crown employees office and the women's bureau—moved into the directorate, does raise some questions as to how the minister plans to integrate and to budget for these operations. He has also taken under his directorate the Ontario Status of Women Council, at least to the extent of it reporting to him and presumably being budgeted under his ministry.

This year, as everyone knows, we are considering only the Ministry of Labour estimates. We have no opportunity to vote or to consider the funding of the other activities at this date. I hope next year there will be a budget for all those activities, including the directorate, the status of women council, the two agencies that have been operating, and any other things such as the incentive fund, and that we will have an opportunity for full estimates for all those.

In the meantime, I wonder if we can get some estimate from the ministry of what the directorate will be costing in this fiscal year we are considering and what the complement will be for the directorate; also, how he plans to integrate the three operations he has taken over and how much independence they will retain or whether they will become one operation.

These are very crucial questions. I feel the three operations he has taken over have been operating very well on their own, although I was interested to learn that back in the fiscal year of 1976-77 we had a women's programs co-ordinator who co-ordinated the activities of the crown employees office and the women's bureau and any other programs that were assigned to her. That position was abolished on the grounds, as stated in the report on the women's program, "A senior co-ordinator is no longer necessary."

So we abolished the women's programs co-ordinator and let the two agencies continue to operate on their own. I think they were functioning well within their very limited budgets. Of course, their budgets have been so limited that they have not been able to do nearly as much as should be done in the field of servicing women on these vast numbers of issues. I think that is one reason why all these issues are still on the agenda for the work of the new minister.

We have seen the agencies that have been operating have not been able really to overcome the wage gap, mainly because we have not had new legislation and they have not been able to

move women out of the job ghettos into the nontraditional jobs. Yet these are the two key areas where women are disadvantaged and the reason why they are disadvantaged.

I would like to quote to you the conclusion of the Ontario Manpower Commission's report entitled *The Employment of Women in Ontario*, which came out in October. It attempted to assess the position of women from a statistical viewpoint and the synopsis of its report on page 97 says:

"The statistical profile of men and women in the labour force serves to highlight the ways and degree to which women are disadvantaged relative to men in the labour force. Despite improvements in the employment status of women, significant discrepancies continue to exist between men and women in the work force, largely owing to their continuing concentration in different occupations and at different levels within the occupational hierarchy."

The commission has put its finger on one part of the reason why women are discriminated against in the labour market and in pay, but it has not put down the second reason. That, I think, is the lack of adequate equal pay legislation.

There have been many people who have assessed Ontario's equal pay legislation and have noted it is not providing very many awards of any significance. That is one thing I would like to ask the minister to provide us with, but I do not know whether or not he can do it before we adjourn tonight. I want a comparison of the equal pay awards under the present legislation for the fiscal year 1982-83 with the previous fiscal year.

In the figures I have looked at, which are a year or two out of date, the amount being paid out was a few hundred thousand dollars but it worked out in 1981-82 to less than 20 cents per employee, which does not plug the wage gap very quickly.

12 noon

We do have a problem, a very serious problem, of the disadvantaged position of women in Ontario and we do not seem to be making very rapid progress on it.

If we go back to the mandate of the directorate, I think it is clear from the minister's statement he considers his mandate to extend to all the ministries whose policies affect women. I would like to ask how he intends to carry out that mandate to deal with such questions as day care and the improvement of day care, which comes under the Ministry of Community and Social Services.

How would he deal with the question of revisions in family law and revisions in the treatment of rape victims? We have all had our attention drawn to the methods in the recent events regarding the jailing of a woman who had been raped and who was too afraid to testify.

How would he deal with his responsibility to improve the treatment of women in the law courts, particularly women who have been raped? How would he deal with the question of the police treatment of battered wives and the treatment of battered wives in the law courts, because this comes under other ministries: Attorney General, Community and Social Services and so on.

He also dealt at considerable length with the question of skills training for women and sex stereotyping in the schools. The question is, how is the directorate going to get all those ministries much more aware of their responsibilities towards women and, when policies come to his attention as being needed for women, how is he going to get implementation through these ministries?

I think one of the problems in the past has been that the cabinet, as a whole, has put women's issues on a low level of priority. I think the 3.2 million women in the province are getting much more concerned about their position in society and are going to continue to demand much more rapid movement.

There is also need for more consideration of women's issues in the health area, the question of occupational effects on pregnancies from certain kinds of jobs such as the question of video display terminals. We still have no legislation on restricting or regulating exposure to VDTs, even though there are still differences of opinion on how much of a health hazard they constitute. There should be minimum exposure regulations until we are completely sure they would not damage health, minimum rest periods and some sort of monitoring of the effect of them.

That is what we want to find out, how the directorate is going to handle all these responsibilities that do not come under the two women's program operations, and how much of a bureaucracy it will have. The minister mentioned that one of its main branches or groups would be something called the policy analysis and communications group. Is that the correct title?

I would like to know more about what the complement of that group will be, what the budget will be and how they will decide which

policies to analyse. Will their research be made available to the public or to the Legislature?

I think it is an area where some very important work could be done, but with the present minimal budget for any of the three agencies—that is, the Ontario Status of Women Council, the women crown employees office and the women's bureau—I cannot see them being able to make the kind of impact studies that have been promised on all legislation that comes before cabinet. I think this could be a key activity in the directorate, so I would like to know more about how it will be staffed and what its budget will be.

One of the areas that was dealt with in the recent amendments to the Employment Standards Act was the question of domestic workers and their treatment. The minister spent quite a bit of time telling us that domestic workers are protected under the Employment Standards Act in a number of ways. He mentioned that they get vacation protection, assistance in the collection of wages, pregnancy leave and equal pay.

I am afraid the equal pay line is a bit of a laugh. How can you compare two domestics in two homes? They are two separate establishments. There is no equivalent male person, unless you compare the chauffeur with the domestic worker in the same establishment, assuming they have both.

The minister mentioned that domestic workers are covered by the minimum wage. They are covered by a second-class minimum wage. They are paid only \$3 an hour when the minimum wage is \$3.50 and when it has been announced that the minimum wage is going up in the next year in two stages. There has been no promise that their \$3 will be increased, simply that their position will be reviewed.

I think this is very unfair. They have been at this \$3 rate for two or three years and it seems to indicate that the government is considering the concerns of the employers who pay their wages much more than the concerns of women who are trying to live on a very low hourly rate.

The other big area where domestics are not protected and where there is great opportunity for exploitation is in the question of maximum hours. All that the legislation provides with respect to hours is that they are entitled at present to 36 hours a week free time, and under the amendments proposed by the Minister of Labour it will go up to 48 hours a week. We do not even know whether that 48 hours will be on

two consecutive days or scattered throughout the week.

12:10 p.m.

The point is that there are no maximum hours or overtime provisions for domestic workers, and under the present law they could be actively working or on call to the employer for 132 hours a week. This will be reduced by 12 hours if the new law goes through, so if the employer takes advantage of the domestic workers and requires them to be constantly on call except for the free time provided in the legislation, it could reduce their minimum wage of \$3 times 40 hours a week to \$1 an hour.

That is completely unacceptable in our society. That is slave labour.

It seems to me it is time the government looked at this question much more seriously. I hope the minister will give us some commitment in these estimates to act on those two areas of maximum hours and overtime beyond the maximum and to bring domestic workers at least up to the minimum wage that is paid to other employees in this province.

Another area the new amendment to the Employment Standards Act covers is the question of improving maternity leave provisions. I commend the Minister of Labour and the government generally for bringing in the improvements in the proposed amendment. They have brought the qualifying period down to the same level as the federal law requires, that is, you must have been in employment for 52 weeks instead of the 63 weeks that is in our present legislation. That is a good step.

They have tightened the guarantees that anyone who leaves for maternity reasons will get her job back and will get her full benefits back, but the benefits should date right back to the time she left. I hope that is going to be in the legislation, so that anyone who leaves for maternity purposes is no worse off when she comes back and it is as if she had continued at her job.

As we all know, the pay for maternity leave is not in the Ontario legislation, it is in the federal unemployment insurance system. It works out in most cases to around 60 per cent of a worker's wages. So women who leave for maternity reasons are still considerably disadvantaged.

I think that is something we should be looking at very seriously. We should consider a provincial supplement to bring women's maternity leave pay up to close to 100 per cent. It might be 95 per cent on the grounds that they do not have to pay car fare and go out to work every day, but it should be very close to 100 per cent.

We have to recognize that since women have been given the biological job of bearing children, they should not be disadvantaged for fulfilling that biological role. They should get their pay during the maternity period that is provided for in the law and they should get close to 100 per cent.

It is also very welcome that the government has extended maternity leave to people adopting children, but there is a problem with adoptions. The proposed legislation will give the adopting parent the same treatment as a natural parent; that is, 17 weeks' unpaid leave with the right to collect unemployment insurance for 15 of those weeks.

Unfortunately, the children's aid societies have a probationary period of six months for an adopting parent, so the woman or the man—it can be either parent—has to take six months off and under the proposed legislation will only get 17 weeks of unpaid leave guaranteed with no loss of seniority benefits or their job.

This is something the minister should work out with the children's aid societies and perhaps he should consider whether there is an argument for special treatment of adopting parents.

It would not be discriminating against natural parents and in favour of adopting parents if you look at the position of adopting parents. They often have to make a much greater readjustment in their life when the child becomes available. It often becomes available on very short notice. It sometimes becomes available after they have been waiting for two or three years, but have not had the nine-month warning a natural child brings.

There is the question of that six-month probationary period. I can understand the children's aid society wanting a probationary period so it may be necessary to have some greater entitlement to maternity leave for an adopting parent.

Hon. Mr. Welch: It would be helpful to me if I could just ask the member, are you saying that the children's aid society, as a condition for the adoption, insists the working parent actually be away from work?

Ms. Bryden: This was true in Welland. Perhaps not every children's aid society has this policy, but there was a case in Welland where the children's aid society insisted on this. The woman lost her job, or would have lost it.

Hon. Mr. Welch: What you are saying is that this may vary from community to community, depending on the policy of the local children's aid society, for that initial probationary period.

Ms. Bryden: That is so. I do not know how much say the Ministry of Community and Social Services has in the standard for adoption of this sort. It may be part of their provision.

Hon. Mr. Welch: Province wide. I will check that out.

I just wanted to make sure I made the point. It is an interesting point and that is why I wanted to be sure of it. This was the matter your colleague, the member for Welland-Thorold (Mr. Swart), raised in the House in connection with one of the trust companies.

Ms. Bryden: Yes, it was a trust company, and finally there was a settlement. The Minister of Labour became involved with it in trying to persuade the trust company to give the woman adequate leave.

Hon. Mr. Welch: We will check into that.

Ms. Bryden: He is to be commended for his efforts to work this out. It did work out finally. I think the husband and wife pooled various leaves and holidays they had and made up the six months, but this is something I think the legislation should deal with.

The whole situation would be solved if you adopted the New Democratic Party policy on maternity leave, which is that either spouse should be able to stay off for nine months' leave and not lose their jobs or seniority.

This is actually done in Sweden. Not only can they stay off for nine months, but they get 90 per cent of their previous pay. That indicates the importance they put on the production of the next generation and the maintenance of population, as well as the rights of women to participate fully in the labour force.

Mr. Gordon: You would have to negotiate that with your wife.

Ms. Bryden: It is really parental leave they have, so either parent can take it.

Mr. Gordon: That could almost break up a marriage. I am not being facetious. I have six children. That is 54 months.

Ms. Bryden: You probably would have enjoyed those 54 months raising the children.

Mr. Gordon: I would have, yes, but we would have had quite a fight as to who was going to stay home. But I see your point; carry on.

12:20 p.m.

Ms. Bryden: On the question of affirmative action, the guideline policy the minister mentioned for community colleges and universities is just as useless for them as for business,

because guidelines simply do not encourage the adoption of affirmative action programs.

We have to face the fact that an affirmative action program will cost some money. It should be done on a fair basis. There should be a mandatory requirement that all firms bring in affirmative action programs.

In the United States, they have found that contract compliance was the only way to get affirmative action programs working to look after both women and minority groups. There are encouraging statistics of the results from that kind of mandatory affirmative action in the United States.

As to whether one has the stick or the carrot, the stick worked in the General Motors case in the United States where it was about to be prosecuted under the equal opportunity law for not having given a great number of women an opportunity for promotion and equal pay. General Motors finally settled out of court by bringing in a program that is going to cost about \$12 million. If the legislation had not been there, they would not have brought in this program, which provides more training programs for women, counselling to encourage them to enter some of the nontraditional jobs, and generally an active affirmative action program.

It is only fair to make it mandatory for all employers, otherwise one gets a few companies doing it, perhaps the ones where it is not going to cost much or where they are appreciative of the fact that, in the long run, affirmative action really pays off because one puts to work the talents of 52 per cent of the population, which are being underused at present. That is one of the big arguments for mandatory affirmative action.

The Ministry of Labour has had a committee called the Ontario Advisory Council on Equal Opportunity for Women and it produced a Three-Year Report on Affirmative Action. The date on the report is April 1982, but it was not released until 1983. It says in the executive summary quite flatly, "The greatest disappointment of the council has been the absolute lack of response to the repeated recommendation or legislated affirmative action."

The Ontario Status of Women Council has also been urging mandatory affirmative action and contract compliance for three or four years. There are many other organizations such as the Pink Ribbon Committee and the Equal Pay Coalition, which represent organizations containing over one million women and men. All of these groups have been repeating that legislated

affirmative action is the only way we are going to get beyond that rate I mentioned of 230 companies in eight years, which will never bring us, within our lifetimes or many people's lifetimes, close to getting adequate affirmative action.

I think everyone agrees we are not going to overcome that wage gap without a combination of affirmative action and equal pay for work of equal value programs.

I would like to ask the minister what has happened to the Advisory Council on Equal Opportunity for Women. It was an employer-employee group, I believe, and had done a considerable amount of sending out of questionnaires and study of the question. We have not heard about it since this report came out.

Is it still functioning? Does the minister intend to continue its work as part of the study of what kind of affirmative action he is prepared to support and how necessary it is, if he still thinks we need further study on it?

We have had so much study on it that most people are convinced that legislated affirmative action is the only answer. The Committee on the Status of Women, which is a voluntary group, has come out in favour of it. They have studied the United States programs. There have been several conferences held on it by groups such as Organized Working Women and the Ontario Federation of Labour. They have all come to the conclusion that we must have legislated affirmative action.

The Ontario Federation of Labour is now holding a series of forums around the province, to which they are inviting not just trade unions but community groups, teachers' organizations, business and professional women's organizations—any group that wants to come and present a brief, really. I attended the Toronto sessions, which went on all Friday evening and all day Saturday. Something like 57 briefs were presented, and I would say that all of them felt that mandatory affirmative action in some form was absolutely essential.

It seems to me that is an area where we are expecting more action from the minister, and women will not feel that they are being listened to or that their needs are being met if there is not more action on it.

Equal pay for work of equal value is another area where all those organizations are in favour of the equal value arrangement. The minister seems to keep saying that we do not know how it would work. As I have mentioned many times,

the federal government and the Quebec government are showing how it will work.

I also have a letter from the vice-chairman of the Canadian Human Rights Commission in Ottawa as to how it is working there. They have had five years of operation of the program. I am

not sure just where I put the letter. I will have to come back to it.

Mr. Chairman: Maybe you would like to continue after lunch?

The committee recessed at 12:29 p.m.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, December 7, 1983

The committee resumed at 2:08 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR

(concluded)

Ms. Bryden: Mr. Chairman, over the lunch hour the minister did supply us with a copy of his statement, which I appreciate. It enabled me to note, though, that he says women are making only 63 per cent of what their male counterparts earn. That is the figure I understood was correct, but I thought I had heard him say 66 per cent. I would like to make sure that it is on the record and that we all agree that the wage gap is still 37 per cent.

Hon. Mr. Welch: That is the private sector.

Ms. Bryden: No, that is overall, in all sectors. In 1981, women working in all sectors of the economy were making 63 per cent of what their male counterparts earned.

Hon. Mr. Welch: Oh, I am sorry. Yes.

Ms. Bryden: It is still 37 percentage points of a gap, which I think indicates that we do need a great deal more action, in both the equal pay for work of equal value area and in the affirmative action area to change the occupational distribution of women and to help them move into the upper echelons of each establishment.

Getting back to what I was talking about when we broke for lunch, I had mentioned that both the minister and Sally Barnes, the president of the Ontario Status of Women Council, seem to be saying that we do not know how equal pay for work of equal value could be implemented, and for that reason we have to go in for what the minister called staged progress but what I call backing away from the principle that he and all of the other members of the Legislature voted for on October 20.

Sally Barnes did say in one of her speeches: "The government of Canada has had equal value legislation since 1978 and in that length of time has received 50 complaints. Only this month is Ottawa hiring its first full-time investigator in the course of the legislation. It is not, in my view, setting a very good example of how this legislation could be implemented by the provinces, where the labour market

is much larger and much more complex."

I wrote to Rita Cadieux, who is the vice-chairman of the Canadian Human Rights Commission, and asked her to comment on that statement. This is what she writes back:

"The author of the statement you quoted is mistaken. At the present time, the commission has 27 investigators, any of whom may be assigned to investigate an equal pay complaint. Given the technical nature of these complaints the commission has employed, for most of the time since 1978, two equal pay specialists. These specialists assist investigators in the collection, analysis and evaluation of data and in the development of settlement proposals. The equal pay specialists also provide a consultative service for employers, employees and interest groups and are involved in the development of policy and procedures relating to section 11 of the Canadian Human Rights Act." In parentheses: "We all know section 11 is the equal pay for work of equal value section."

Continuing with the letter: "Sixty complaints alleging violations of the equal pay provisions of the act have been filed since March 1, 1978. To date, there have been nine settlements directly benefiting approximately 4,600 employees. Voluntary settlements have increased the wages of a further 1,300 persons. The cost of these settlements has been in excess of \$20 million in retroactive payments and an estimated \$12 million per annum in ongoing costs.

"There are 28 complaints under investigation at this time and 23 complaints have been dismissed or withdrawn during investigation."

You will notice that there have been a considerable number of voluntary settlements and I think that a settlement was achieved by virtue of the fact that there was legislative authority in position for a settlement if a voluntary one was not made.

What I think that letter indicates is that while the complaints may not be dealt with as fast as the complainants would like, they are achieving considerable success and very significant results for women employees under the federal legislation.

There are many other subjects that I could go into in detail, but perhaps in the questioning

under the individual votes I will be able to get into some of them. I hope that we will deal with one issue at a time, each of us taking turns at bringing up an issue rather than trying to have a fairly long presentation by one person. We would first of all like a response from the minister to some of the questions, but I hope you will leave us some time for raising further issues as well.

Vote 2303, women's program:

Hon. Mr. Welch: Mr. Chairman and colleagues, I always find estimates a very interesting experience. I think they are very valuable, not just in the detail of the estimates themselves but, indeed, for the opportunity that is provided for fairly wide-based discussions. That is particularly the case here, because although we are doing it under the formal structure of a particular vote within the estimates of the Ministry of Energy, we know that is not to be the case in other years because of the—

Mr. Wrye: This is the Ministry of Labour. He still thinks he is the Minister of Energy.

Hon. Mr. Welch: Did I say Energy? I had in mind the fact that we had made such a substantial increase in narrowing the wage gap while I was there. In the four years that I was there, we made a 13 per cent improvement in that situation and that was on my mind.

Ms. Bryden: Women are still under-represented in that ministry.

Hon. Mr. Welch: Just as a matter of interest, I want to pick up on something which the member for Beaches-Woodbine (Ms. Bryden) brought up, and that is how things would be organized in subsequent years. I think you are quite right in drawing attention to the fact that under the structure of the estimates for the next fiscal year there will be a separate item known as the Office of the Deputy Premier.

There will be a main office vote for the Office of the Deputy Premier and then there will be a separate vote for the Ontario women's directorate. It will be broken down in the conventional way with all of the amounts set out and the program descriptions.

I also agree with my critics that we should not necessarily restrict ourselves to the formality of simply the three items that are in this vote, because we have in fact, since May, established the directorate and have had the opportunity to talk about a number of other issues. I hope that we can do that this afternoon for the remaining time.

Perhaps it would be helpful if I asked Glenna

Carr to explain the Ontario women's directorate and talk in terms of the number of classified people on staff and how we see ourselves staffed at the moment in this expanded role. Glenna Carr will explain what our organizational structure is at the moment with respect to the directorate and the number of people involved.

Ms. Carr: Mr. Chairman, as you know, we inherited the women's bureau and the women crown employees office from the Ministry of Labour. They were transferred over by Management Board order in July.

They brought with them seven classified positions in the women crown employees office and 19 classified positions in the women's bureau. The Ontario Status of Women Council was transferred over to report to the minister by order in council and brought to the Office of the Deputy Premier three classified staff positions.

Since that time, we have been given an interim allocation by Management Board for the policy analysis and communications functions, the new functions in the directorate. We went to Management Board for an interim allocation at the end of July and were asked to come back after December 31 with the full request for a full year's funding and number of positions and so on.

We did get an interim allocation in July, and at that time we had 13 classified positions approved and two unclassified positions.

Hon. Mr. Welch: That is in addition to what we have taken over as far as the women's bureau and—

Ms. Carr: That is right. In October, 2.5 additional positions were approved for the family violence program. That brings us to 41.5 classified positions for the women's directorate itself—

Hon. Mr. Welch: I am the 0.5.

Ms. Carr: —two unclassified positions and three in the Ontario Status of Women Council.

Ms. Bryden: Could you tell us the amount of the interim allocation? I presume it goes to March 31.

2:20 p.m.

We received six months' interim funding for the women's directorate and that is a total of \$1.6 million. That includes salary and wages, employee benefits, direct operating expenditures and some \$300,000 for various projects, research and—

Ms. Bryden: That is what is usually called services?

Ms. Carr: That is right. In October, an additional allocation was approved by Management Board for five months of this year for the domestic family violence program. That was an additional \$233,000. That makes a total of interim funding for the directorate of \$1,833,000 in addition to the estimates that you have before you for the women crown employees, the women's bureau and the affirmative action centre fund. Of course, that does not include the status of women council funding which was approved in May in the social Development Policy estimates. That was \$179,300.

Ms. Bryden: That was the same amount that was in the estimates?

Ms. Carr: Yes, that is right.

Mr. Wrye: Mr. Chairman, just while we are talking about the numbers, we are getting into, just briefly, an area I want to touch on: the status of women council.

When Sally Barnes came before the procedural affairs committee in September, one of the issues that we discussed at some length with her, and which appeared to have a feeling of agreement on her part, was that the allocation for the council certainly did not provide for adequate funding for the kind of research it needed to get into.

In effect, based on what you, minister, have said this morning, and what myself and my NDP colleague have said in terms of a wide variety of issues, I think Ms. Barnes agreed that there were a number of areas that demanded action on a research basis from the council, demanded that they be in a position to advise you in a meaningful way that they had just finished their pension research.

I guess the bottom line on it was that they did not feel they had anywhere near the kind of funding they needed to be able to do that ongoing work for you, for the government and for the women of Ontario. I thought the amount they spent—knowing it would maybe help members—around \$150,000 for research, stood in stark contrast to the cost of the manpower commission's multi-year study which was recently released. It was in the millions of dollars.

I think there was a general feeling in our committee that there was a stark contrast, and I am just wondering if you are prepared to go to Management Board in this and other areas and fight for that kind of an increase in the research component. It is not just all for salaries, even though a significant part of it is.

Hon. Mr. Welch: I think that is a very good general question because it does provide me with the opportunity to respond to a point Ms. Bryden mentioned as well, and that is the future roles of the advisory council and, of course, the directorate, now that the directorate has been brought into being.

You will recall from a historical perspective the birth of the council in 1974 and its particular role. I will not take time to review what the terms of reference of the council are, but it would come as no surprise that with the assignment of responsibilities in this area to a minister and then the establishment of a directorate, there would be some legitimate questions raised as to the respective roles now of each.

That brings into the whole discussion the efficient use of resources. Would there be some way in which the directorate could be of assistance, for example, in taking on some assignments, particularly in the research area, so that there would be no duplication and so on?

When one started to think about that at some length, one then said: "Now, wait a minute. Would this not be an opportune time to review the roles which each is to carry on and would it not be helpful if we perhaps had some outside look at this, now that we have the directorate in place?"

As you were told in that committee, we are in the midst of that study by Touche Ross and I am expecting some report on that before too long. Without guessing at what that report might be, but against the background of the fact that I am waiting for some advice on that matter and then want to consider that, I would certainly want to be satisfied that the council was equipped with the resources it thought it required in order to discharge what ultimately might be its responsibility in the light of the establishment of the directorate.

I do not argue that at all and I still see the need to give that some very serious consideration. But I think, in all fairness, we will be in a much better position to come to some final decisions with respect to that, once we have agreed on the respective roles to be determined.

Mr. Wrye: Will you be sharing that report with members of the Legislature?

Hon. Mr. Welch: Perhaps I can say at this stage that unless there is some specific reason why not—if there are some personal references or something—I cannot see any reason why not. But I would just like to have that one reservation with respect to the content. I would think it would be important to share that.

I want to say this in response to both of the comments. I know this is a political arena in which we work and I have been here long enough also both to appreciate and respect that there are very honest differences in approach to things. But I come to the responsibility of women's issues with no desire to be overly partisan this whole matter.

There is no one here in this room who does not agree that we have to establish certain goals and targets which will satisfy ourselves that we are on our way to fairness, justice and equity. Recognizing that there may be some honest differences of opinion, there is so much to be done and there is so much about which we can agree that I think it would be very unfortunate if the work got bogged down in too many partisan digressions.

I say that because I really believe we are all committed to seeing some progress. Although we may well, as you have reminded me, view some of the things that have happened and see some progress, I am not naive enough to believe people would not be impatient for some of those results, would not want to see things happen more quickly and, indeed, would not want to ensure that we are well on the way to accomplishing some of these particular goals.

I say that in the light of the fact that when I get this report, subject to there being any personal items in it—and I cannot imagine what they would be—I would be anxious to have some views on this matter because, prior to the establishment of the directorate, the council was really the focal point here. One of the reasons we were looking to the council was to provide some opportunity for the articulation of ideas.

How might their role change? Do we see them now as taking assignments, to have things referred to them? In other words, "Would you please give me your advice on . . ." and list some things? Or, "Will you conduct the necessary public meetings or establish the number of public forums throughout the province to get some views and then may we have your advice?" Or do we want them to continue to prepare their own agenda, keeping in mind that no matter how we look at this, it is an advisory council, and then look to the directorate as part of the structure of government to be the most proactive part of the organization?

These are all questions and we have spent some time thinking about this. We felt there would be some point and more objectivity if we brought in some people to take a look at the

thing from outside and give us the benefit of their views, and that is why we got the authority to do so.

Ms. Bryden: Could you tell us what the fee is?

Hon. Mr. Welch: I think it is \$35,000.

Ms. Carr: Management Board approved a ceiling of \$30,000, and we expect the study will be less than that. That was the ceiling for the study.

Ms. Bryden: Is the Touche Ross study part of the sunset review, which I understand the council is still facing on March 31, 1984?

Hon. Mr. Welch: No. Was that not the review being done by the standing committee on procedural affairs?

Ms. Bryden: No, I think they were just examining the operation.

2:30 p.m.

Hon. Mr. Welch: The short answer to your question is no. Perhaps this is very important to be on the table. As far as I am concerned, I am not approaching this from the assumption we are going to do without a council, but rather that we are going to review the role of the council in the light of the creation of the directorate. I do not regard this as a sunset review.

Mr. Bryden: Is the council facing a March 31, 1984, sunset deadline?

Hon. Mr. Welch: Not as far as I am concerned.

Mr. Bryden: The council faced a similar deadline and was given a year's extension in 1983.

Hon. Mr. Welch: I will not be surprised if that extension continues.

Mr. Bryden: Will the Touche Ross group study the recommendations from the council concerning changes in structure?

Hon. Mr. Welch: Yes. Touche Ross staff have already done a fair bit of interviewing. They have seen me and they have seen Glenna. They have also had extensive meetings with the council. They will be going through all of council's recommendations regarding the type of representation, part time versus full time, and such like. They will be under no restrictions with respect to this sort of thing. We want to satisfy ourselves, after 10 years' experience with the council and the establishment of the directorate, what our respective roles should be.

A matter which is raised from time to time is whether or not the council is representative.

Mr. Bryden: How the membership is appointed?

Hon. Mr. Welch: Correct—along with a number of other matters. I will be very disappointed if this aspect is not included in this report.

Mr. Bryden: Also, how independent the council is of the directorate?

Hon. Mr. Welch: Yes. That is an interesting point. I am very anxious to preserve this independence. Because of our system of accountability, councils such as this must have some means by which they can report to the House.

This becomes a very interesting question for me when I look at our own structure. Should the council be reporting through the Ministry responsible for Women's Issues by way of the directorate, or should it be attached directly to the office of the Deputy Premier independent of the directorate? To what extent could the support services of the directorate be made available to the council without creating the perception that there is any interference?

Mr. Wrye: Should they be down the hall?

Hon. Mr. Welch: Should they even be on the same floor as the directorate? From the standpoint of public perception, it could be seen as wasteful if we have a lot of duplication in support services.

On the other hand, this may be necessary to protect the idea of independence. If the question arises, "Should it go back to a policy minister, even if it is the Minister responsible for Women's Issues, so it can be seen to be quite independent?" I believe this kind of question should be addressed by Touche Ross.

Mr. Bryden: The purse strings often determine whether or not a council is independent.

Hon. Mr. Welch: It goes back to Bill's point in respect to the adequacy of the council's funds to conduct research. For example, suppose the Minister responsible for Women's Issues asked, "Would you please give me your advice as to how part-time work can be further improved?" If the council were to reply by saying, "This is a very interesting assignment; however, we do not have money for this kind of research," would it be viewed as interfering with the council's independence if some of our research people were placed at its disposal to do some of this work, rather than have the council duplicate it?

These are all very practical things. I am certainly very anxious to preserve the council's independence. I am also anxious that it be known this council has credibility. By the same token, the resources required to carry out the council's payment plan—I guess it has been flat lined for a couple of years, has it not?

Mr. Wrye: May I offer a few thoughts and put my party's view on the record?

It pleases me to see Touche Ross undertake this study. I think it provides an opportunity for the government to define a new role for the council, a role which would take it a step further towards being truly independent of the government and of the bureaucracy that must, by its very nature—and this is not meant as being critical of the bureaucracy that works for you—work under the umbrella of the government's initiatives and the limitations that you and your colleagues indicate to the executive director and to others you wish them to examine.

On the other hand, the council now seems to me to have the opportunity—now that we have a full-time bureaucracy in place—to look at those controlled initiatives, as it were, controlled by whatever political or economic realities or others that you may perceive are out there. It gives an opportunity, and I believe it is one we ought to take, for the council to set its own agenda in a sense.

I believe, by the way, that the council ought to report through you because you are on the front line in this area. It would seem to me to be improper, or a waste of time, for the council to be reporting elsewhere and for you to be getting the messages filtered down the line.

I would have no problem with your setting out to the council, maybe on an annual basis, some of the areas you wish them to look at so that they have some thoughts from you in general terms. Ms. Bryden, for example, pointed out an agenda of about 12 points this morning. I think I dealt with about eight. It would seem reasonable for you to send them a list to look at part-time work, to look at pensions, and then leave it to them. They can take any or all of those and any or all of the suggestions that emanate from within that council.

I think it is a great opportunity for them to achieve much more independence than they have had in the past. That may have been necessary in that we did not have a women's directorate. I am not being partisanly critical of the council's role with this government, but I hope we will seize that opportunity. I think it could allow the council to play the role of a sounding board for you and be a bit of a leader.

I suggest to you and to all of my colleagues, quite frankly and honestly, that as politicians we sometimes need some people to lead us. We are, by the nature of the beast, a little more careful. There are a lot of implications that we sometimes tend to overemphasize, as it were, that the

council is a group with a specific mandate to address issues to you and leave you to fudge the issues, if that is what you will. It may be able to do that.

I just put those thoughts on the record. I do not know whether the Touche Ross report will agree with me, but I see this as a real opportunity for much more independence. I would not want to see, quite specifically, researchers seconded from the directorate to the council. I think you ought to fund the council so it can do its own research totally independent of the directorate. I think it might compromise both.

I do not mean that badly; you commented about not being unduly partisan. I am not trying to be. I think we ought to be very careful that the directorate comes within the bureaucracy, the people who work for you and for the government. The council is something that is a little apart from that, and I wish it were even a further step. If you can put them on another floor in the same building, I will be very happy.

Hon. Mr. Welch: In following up on that, can I say to both you and Ms. Bryden that the study is under way at the moment? I do not have the report. I have been interviewed and I would be surprised if they were not just about finished. But if you have any views at all on this particular subject—and indeed you may have some and that is why you may want the benefit of some of the recommendations that are in the report—I would appreciate hearing them. We have all had some experience with the organization as it was and is, and now we have the new directorate, so I would invite you to share some views.

2:40 p.m.

Since our new assignments Glenna Carr and I have met with a number of individuals and organizations, as you can imagine. In many cases, they have views with respect to the role of the council, its membership and that sort of thing. I would hope we would be satisfied that we had tried as best we could within the resource allocations to meet these particular objectives.

Marion also asked whether we had any figures on the awards for 1982-83 under the current equal pay legislation. Glenna does have some information on that.

Mr. Wrye: For 1982-83?

Ms. Carr: Yes. I have some cumulative totals first. As you probably know, some additional employment standards officers were added to the Ministry of Labour's staff in March 1980. Since that time—this is March 1980 to October

1983—1,914 women have received awards under the equal pay section for \$2.2 million. If you break that down into two fiscal years—

Mr. Wrye: I'm sorry. That is 1,900 in what time frame?

Ms. Carr: There were 1,900 employees from March 1980 to October 1983—1,914 women. In 1981-82 slightly less than \$700,000 was collected.

Mr. Wrye: How many awards? How many people?

Ms. Carr: There were 666. In 1982-83 there were 777 women receiving awards for \$1.46 million.

Ms. Bryden: Have you any idea how many applications there were and how many resulted in awards?

Ms. Carr: I do not have that information at this point.

Hon. Mr. Welch: As you know, this is a fairly pro-active process. A complainant may speak to the member for Beaches-Woodbine, although there is nothing to preclude someone getting in touch with the ministry and complaining. Indeed, we had an advertising campaign trying to encourage that prior to the appointment of some of these inspectors. Many of these would come as a result of auditors going into plants and discovering the problem.

You asked about the number of people who may have called in. Do we have that?

Ms. Carr: There were 635 cases investigated.

Ms. Bryden: During what period?

Ms. Carr: From March 1980 to October 1983. Out of those, 142 employers were found to be in violation.

Mr. Wrye: Thank you for getting those new numbers. I had 1979-80 and 1980-81 statistics only. I want to say for the record, and I want to be fair to you, that there is an improvement. There were 37 in 1979-80 and 391 in 1980-81. We are now up to 776. I might point out that 776 represents about 0.5 per cent of the working women of the province, so it is not a lot, though the numbers are at least going in the right direction.

Hon. Mr. Welch: That really does invite a comment. It does not necessarily follow that there are violations going on in all the rest, but rather that there are complaints.

Mr. Wrye: Let me pursue this for a second. I will take you in a direction and invite your comments on it. I want to deal with an area I am most familiar with; we all are familiar with our

own. We have two employment standards officers in Windsor. A number of situations have come to my attention, none of them equal pay situations. They are situations which on occasion have involved women. They have really involved both sexes. As I said, they have not been equal pay situations.

One of the problems—and I have discussed this in depth with an employment standards officer who may be getting close to retirement and maybe that is why he is being a little more candid—is that, quite frankly and candidly, there are only two employment standards officers in a city of 200,000 with the kinds of problems they have been forced to look into—not just equal pay, but plant closures, runaway plants, and a situation of a restaurant that went into receivership leaving the employees with nothing. It reopened under a new name with the same ownership and with a liquor licence, of all things, two months later. Four months later, it gleefully went into receivership again.

All of these kinds of cases have absolutely overwhelmed those two. I give them credit. They are good, hardworking civil servants working very diligently on behalf of the people in the province, but two are not enough in my view.

Minister, you say, and you are right, the fact we have 0.05 per cent or one twentieth of one per cent having now received those awards does not necessarily mean the other 99.95 per cent are being unfairly treated under the current law.

However, I sense it does mean and it is certainly a sense I have gotten from talking to these two employment standards branch officers, that because of their work volume, some of the investigations they do are of necessity less than thorough and they admit it.

As I said, I do not have an equal pay issue to bring before you in that area. If there is a less than full investigation on a receivership, a less than full investigation on a firm that just closes up one day and walks away leaving employees holding the bag for vacation pay, for termination pay and for back pay and all of those other things, then how adequate are the equal pay investigations?

Do you believe it is time we target some more individual employment standards officers, particularly as you move ahead with this new amendment you think will accomplish so much, to make sure and to monitor that the amendment is being lived up to?

If I may make one more comment, I would urge you to go back and look at the comments by the president of the Ontario Status of Women

Council last September. You are probably aware of them. I was amazed that Sally Barnes was as critical of the present enforcement of equal pay law as she was. In her opinion it is simply being violated right and left. Apparently, there are not enough people out there to catch those violations.

I guess I am asking what you are going to do about it. Do you think it is time that we have some new employment standards experts who are just looking at that one single area? We pay women badly enough in this province without allowing it to be even worse than it ought to be.

Hon. Mr. Welch: Certainly I would want to review your comments with the Minister of Labour (Mr. Ramsay) because, as you so correctly and fairly point out, these officers are charged with the administration and/or the enforcement of the entire act, of which this is a part.

It was my understanding, and please correct me if I am wrong, that the additional employment standards officers who were added to staff were specifically assigned for equal pay. That was in 1980, if memory serves me.

Mr. Wrye: How many were added?

Hon. Mr. Welch: Eleven. Is that right? Eleven officers were added in 1980 and specifically assigned to the equal pay section for enforcement of the Employment Standards Act.

Mr. Wrye: Where are they based?

Hon. Mr. Welch: They are distributed through the various regional offices.

Ms. Carr: There are some in Toronto, and I believe there are some conducting audits throughout the province.

Hon. Mr. Welch: What I was not able to comment on was whether or not that 11 should have been 111 or 81 or what.

Mr. Wrye: How about Windsor?

Hon. Mr. Welch: The interesting thing about all this is, as I was being briefed with respect to the evolution of the whole equal pay approach by government since 1951, prior to 1980 a great advertising campaign was put on with billboards and everything to try to ensure people knew what the equal pay provisions were. In other words, it was drawing to their attention this whole business of making sure people understood their rights and what they should do if they felt there was any violation.

I am told that as a result of that fairly extensive campaign—that is a matter of judgment—a few cases came in but there were surprisingly few, notwithstanding the amount of

publicity being given to the legislation at that time. There may be reasons for that, whatever they may be.

2:50 p.m.

However, as you might well gather, it brought a number of inquiries and as a result, some settlements. It was after that that we decided to change the emphasis or onus, or however you want to put it, and to a large extent not to take that option away, but to add these additional staff people who would, in fact, be going out as part of the audit.

Mr. Wrye: They do audits?

Hon. Mr. Welch: Yes. We do not have such a person here to give you some background as to what they do when they go in, but I imagine they would just simply go to these particular firms, as members of the government do, and identify themselves.

I think these figures Glenna has provided in response to the member for Beaches-Woodbine have been the result of the pro-active work of the staff people going in.

I cannot really very honestly comment as to the sufficiency of staff, except I have had nothing brought to my attention that would suggest they are not able to cope with it. It may well be that if someone is charged with all sorts of other responsibilities as well, checking the washrooms, the ventilation and everything else; that is a fairly extensive act. I am talking about the people who were added to the staff of the Ministry of Labour with specific responsibilities for the enforcement of the equal pay provisions.

It will remain to be seen what the amendments to this act will do. Some of these cases that have not been successful may have failed because of the very strict interpretation of the factors. It may be that some of those files could be reopened now in view of the legislation, which we hope will pass before we prorogue.

Ms. Bryden: That would mean you will need more officers.

Hon. Mr. Welch: That will be interesting; indeed, that would be interesting. As I say, that is something I would have to discuss with the minister. I certainly would want to watch that situation.

Mr. Wrye: Just to follow up Marion's point, have you had discussions with the Minister of Labour, as the two of you work towards the amendments he proposed on Monday in the composite area, as to how you are going to get the message out to the community at large that

we have a new equal pay law? Could you share that with us?

Hon. Mr. Welch: On all cabinet submissions, and this will lead into another point which the member for Beaches-Woodbine has brought up, you have to have a communications plan attached to it. We worked very closely with the Ministry of Labour up to the time of the introduction. Following passage of the legislation by the House, we will then work with them with respect to the communication of these changes.

Ms. Bryden: There is one set of figures you might get from the Ministry of Labour, and that is the number of enforcement officers in each of the last three fiscal years. Are those 11 extra officers still all there, or has the establishment shrunk again?

Hon. Mr. Welch: I would be very happy to provide that. I do not know whether anybody can answer that now. I assume all those positions are filled, but I cannot answer that.

Ms. Bryden: I am really more interested in the complement for each of the last three fiscal years.

Hon. Mr. Welch: Right, that gets us to the question that the member for Beaches-Woodbine raised with respect to the role of the directorate in so far as how we will attempt to influence or persuade cabinet colleagues with respect to these matters. I really appreciate that question because it does provide an opportunity to show something of my approach to the matter. I welcome your comments.

We are a government now with a number of ministers, all with responsibilities for the delivery of the programs their legislation or cabinet assigned to them. I am very anxious to make sure the Minister responsible for Women's Issues does not take on to himself a whole brand new delivery system with respect to dealing with that large constituency in which we are interested, but rather that the government would deal with the people of Ontario through the ministries being that much more sensitive to and aware of the special circumstances involved as far as women's issues are concerned.

The Attorney General (Mr. McMurtry) would continue to deal in the area of family law reform. The Minister of Community and Social Services (Mr. Drea) would continue to deal with the matters that are entrusted to him, including day care and the whole welfare system. The Minister of Education (Miss Stephenson) obviously is dealing with a very important constitu-

ency in both the elementary, secondary and post-secondary fields, where there is a tremendous amount of work to be done in this area in so far as occupational preparation is concerned, to use those simply as an example.

What you have now is an organization known as the executive council of Ontario, with a minister who happens at this time to be the Deputy Premier, charged with special responsibilities to co-ordinate, to sharpen the focus and to turn up the volume with respect to matters dealing with women.

One of the first things we did was to have included in the so-called checklist for cabinet submission covering legislation and policy issues a section dealing with the impact which the proposed legislation, its amendment or the policy will have on women.

I suggest to you quite sincerely that has sent a very important signal through the bureaucracy. People now know that submissions without it will be sent back; in other words, they will not be considered. This is in addition to other things that have to be included in the material that comes forward to those who ultimately make the decision, the members of the executive council. So all submissions that are coming forward, and they have different routes of ultimately getting to the cabinet table, have to have this statement with respect to the impact on women.

The Minister responsible for Women's Issues is there and the staff—now eight, with the analysts to whom Glenna Carr made reference; we have an analyst now in the justice area, the resource area and the social area—will analyse these submissions. We will see the assessment made by the proponent ministry with respect to the impact on women. We may have views that will differ. In fact, I do not mind suggesting, and it should not be any surprise, that we may approach these things differently. Then comes the time for the resolution of these matters as part of the decision-making process, and the Minister responsible for Women's Issues has a very important role to play in making some input in attempting to influence what the ultimate decision will be.

I was very much involved in the amendments which the Minister of Labour introduced last week, I can assure you of that. There is no doubt in my mind that I and the director who supports me are very much involved in the development of these matters. Indeed, and it comes as no surprise to you, I will feel an ultimate account-

ability to that large constituency. The very point raised by the member for Beaches-Woodbine is a very important matter which is of great concern to us, and that is the domestics.

When the minister involved made his announcement with respect to minimum wages, dealing with the figures generally, it did not go unnoticed by you that both in that announcement and in his announcement last Monday he reminded the House that the question of domestics is still being reviewed. We are very much interested in that and I do not mind telling you we have been very much a part of that review. We feel, of course, there is time to place any improvements which might ultimately be decided there in place prior to the first announcement, March 1.

Mr. Wrye: Can that be done through regulation?

Hon. Mr. Welch: Yes. I must tell you it was as a result of the input from our point of view that the particular matter was flagged. We felt, quite reasonably, that people such as you would ask why there had not been any change. We were told this matter was being reviewed in the context that there is a federal government program covering the situation as well.

That is but an illustration of what goes on. As you know from the reports of the provincial council of women that have been circulated, the council has indicated to the Attorney General it felt there should be some improvements in family law reform, particularly in the distribution of business assets. That is before the Attorney General now. We will certainly have something to say on that particular subject, as we will on all areas that perhaps would have some impact on women.

I want to be cautioned by what you said to not have overly long answers, but I think a very important part of our role, in summary, is not to take over the delivery systems that are already in place but to sensitize those systems to the special needs of the women of this province. They will be very consciously administering their programs with that in mind.

3 p.m.

I sense that the level of awareness has risen that much because of the various procedures that have been in place and because of the conscious efforts of people to give some consideration to it.

In conclusion on this point, obviously, when the Premier (Mr. Davis) indicated to all members of cabinet that this section in all their

submissions had to have this impact, many analysts wanted some help on how they would start honouring that particular requirement. The director was called very early to help in developing some guidelines for that type of measurement. So we were involved, even at that early stage, in assisting various ministry people to develop their procedures to make their assessment in order to satisfy this new requirement.

Ms. Bryden: I appreciate the minister's explanation and outlining of the process and of the organization. We have considerably more light on it than we had before.

The only thing that bothers me is, supposing the Minister of Community and Social Services is unwilling to increase day care allotments and yet it is obvious there is inadequate day care provision to give equality to women. How do you influence him to change his policy?

Hon. Mr. Welch: If we are using that as an example, because we could use other examples, I do not see it as being any different. If a difference of opinion occurs between any two ministers with respect to matters, it is ultimately not resolved between the two ministers, it is resolved in the executive council. One has to remember that all decisions that are ultimately announced are decisions, really, of the cabinet, not a particular minister.

You have asked a very straightforward question and all I can say is one would have to rely on the fact that we have to make our particular presentations on a issue in the larger body and the consensus or the wisdom of the larger body would prevail. Whatever it is, that becomes our decision.

Mr. Wrye: I want to go on to another point; but briefly, because you mentioned the guidelines, would it be unreasonable for me to suggest to you that you might share those guidelines?

Hon. Mr. Welch: I do not know whether they are written.

Mr. Wrye: But we could see the kinds of input you were asking for. It would be useful for us. I think it is a very important issue.

Hon. Mr. Welch: Remember when we had our first meeting, only from the standpoint of getting introduced to the thing we did indicate there may be some wisdom from time to time in meeting on an ad hoc basis. Perhaps we might have an opportunity to get together to review where we are since our last meeting and these estimates. We could include at that time some

discussion along those lines and maybe we will have some preliminary stuff from Touche, Ross.

Mr. Wrye: Let me just touch on this. I do not want to prolong it but I do not want to leave this issue without making a point and leaving you with a question. You dealt with the domestics, and I can only hope the fact that the change has not been announced may indicate you will flag that as an area where a gap exists that needs to be closed in terms of minimum wage. Picking up the point the member for Beaches-Woodbine made this morning, the hours of work and the availability and the overtime position may have to be addressed.

I want to leave you with the concern I have, not just in regard to domestics but in a number of areas that particularly seem to affect women—not exclusively women but in general. I am concerned about the exceptions to the minimum wage standards in the province, whereby we allow minimum wages that are lower than the overall standard of \$4.15 we will be reaching in October 1984. I think of restaurant workers; and it is fair to say a lot of restaurant workers, by and large the vast majority, are women.

Hon. Mr. Welch: I think the minimum wage issue does impact on women, yes.

Mr. Wrye: I leave you with the thought that it is time for your government, and perhaps you could lead the way as Minister responsible for Women's Issues, since women are most affected by this and it adds to the wage gap, to look at whether we have been a little carried away by ourselves in this province with exceptions to the minimum wage laws. There may have been good, valid reasons in the past for those exceptions, but I think perhaps all the exceptions—you might want to urge this point with your colleague—have to be sunsetted at least until they can be reviewed. Perhaps they ought to be sunsetted so they will have to be reviewed.

It may well be that we will put them back in place. I am not suggesting that any one ought to end, although I am suggesting the time may have come for it. I do not know whether that was done in the minister's overall announcements, the fact that domestics were specifically left out of it for now, but I am rather bothered that we seem to be getting more and more exceptions, whether it is those working in domestic jobs, restaurants or students.

Among low paid wage earners we really have a lot, probably thousands and thousands in this province, who are not even minimum wage earners. That bothers me.

Ms. Bryden: There are far more women in the minimum wage category.

Mr. Wrye: There are far more women not only in the minimum wage but in the below-minimum wage category. That is what bothers me; when you set up these exceptions they appear to be concentrated in the job ghettos that women occupy.

Ms. Bryden: They get smaller tips.

Mr. Wrye: Maybe the women's directorate or the council ought to take a look at it as a policy matter. I think it needs to be addressed and I just share that thought with you.

Hon. Mr. Welch: Mr. Chairman, there are two or three other questions, and then we might want to get on to some matters that we have to go to. The advisory council on equal opportunity completed its work and has been terminated.

Ms. Bryden: Disbanded.

Hon. Mr. Welch: No. It has been terminated.

Ms. Bryden: Dismantled.

Hon. Mr. Welch: Or dismantled; is that what you said? In other words, having received a mandate to do a specific job they did it. There is going to be a report. I had the opportunity to lunch with them not long after my appointment, to thank them for their work and to be brought up to date on some of their thinking with respect to that issue; but they have now been disbanded.

Ms. Bryden: Will you be having some sort of labour-management discussions with the advisory committee on other issues?

Hon. Mr. Welch: That goes back to what we were discussing not too long ago. I am going to have to take a look at what that means against the background of the role of the advisory council itself, keeping in mind that this council did a very interesting job. I think they brought together representatives of both management and labour. They spent a fair amount of time. I would think one should say they have accomplished a very interesting result and produced a unanimous report.

One wonders if that is one of the ways in which we could expand the affirmative action program. By putting together committees of labour and management all over the province, maybe they will talk.

Ms. Bryden: That was basically my leader's proposal, that there should be joint committees in every work place trying to develop the affirmative action program. Are any of the present 230 programs developed partly by the workers, or are they monitored by the workers?

Hon. Mr. Welch: I do not think so. Glenna, could you speak to that?

Ms. Carr: I think they may be monitored by the workers but they do not have formal labour-management committees in place.

Ms. Bryden: The program is developed by management.

Ms. Carr: That is right. Many of them have advisory committees, particularly of women employees. Some of them have advisory committees of men and women, but they do not have a formal labour-management group.

Ms. Bryden: I do not know how you can develop an affirmative action program without consultation with the employees working out the affirmative action procedures.

Hon. Mr. Welch: We should talk a bit about affirmative action. I am not seen as one who is boastful, I hope, but I think we really should not lose sight of the fact that we have occupied—when I say we, I am talking about Ontario not just the government—a fairly interesting role in this country with respect to the initiatives that we have taken.

I do not think there is another jurisdiction in Canada that can indicate it is at the level of affirmative action, either in the public service or the private sectors, that Ontario has achieved. I was absolutely impressed when, within days of my appointment, I went to Ottawa to a federal-provincial-territorial meeting for ministers responsible for the status of women and Ontario was asked specifically at that conference to give the report on affirmative action.

3:10 p.m.

Ms. Bryden: With 230 companies out of 300,000?

Hon. Mr. Welch: Let me tell you, that is 230 companies more than there may be in any other province of this country. Let me put that into some perspective—

Mr. Wrye: How many have Tory governments?

Hon. Mr. Welch: Let me provide some background on this. I am not satisfied that everything is where it should be now. There is a lot of work to be done. I am not here to defend the status quo. I am all for seeing far more of this done. There is a lot of work to be done; but in all fairness, we should really see where we are and we should really keep in mind the results we have been able to obtain.

Let us take a look at that. How many compa-

nies are we talking about? It changes almost every day.

Ms. Carr: It is 240 now.

Mr. Wrye: Two hundred and forty? There are seven new signees.

Ms. Bryden: How many have dropped out?

Hon. Mr. Welch: We said to our staff, "The ministry goes through estimates on Wednesday. You had better bring that to an even 240." We have 240.

You said, "Two hundred and forty compared to what?" We are talking about companies with more than 500 employees. In Ontario there are 889 of those. Although we have a lot more to go, they took the decision—this was prior to my time in this—to move in on the large employers, that is those with more than 500 employees.

If you want to start working on firms which employ between 20 and 500 you can expand the number of employers, but we went for the big employers. The opinion centres and pace-setters have worked with them so now, as a result of these 240 responses there are over 304,000 employees affected. They did their own figures, but it is over 200,000, is it not?

Ms. Carr: It is 307,000.

Hon. Mr. Welch: It is 307,000.

Ms. Bryden: There are two million women in the work force.

Hon. Mr. Welch: I know. Do you start with two million, or do you start with 300,000 and work towards the two million? All I am saying to you is I feel the legislative, mandatory approach is always going to be available to us. However, do you not think you have a more enthusiastic convert?

The whole concept of affirmative action is to be able to sit down and reason with them, or whomever has to be reasoned with in these particular companies, and get this result. I would suggest to you that some of these large organizations will have to recognize that if they are going to deal out in the market place, in the commercial world, they are going to be watched for their particular reaction to this whole concept of affirmative action.

You can always legislate. That is the easiest thing in the world. The point is that when we legislate we have to have goodness knows how many inspectors going out to do all that sort of thing, but that is all possible as well.

I think we have room yet to grow and to develop these programs. The point I really wanted to make is, because of what we have

done together in the House—because no legislation passes unless it goes through the House any way, so we all have to be part of that—Ontario has maintained a very important leadership role in this and we have the results which are there.

You have the report about what we ourselves are doing as an employer. It is important that we had that in place, because if we go out there to deal with the private sector they will not be able to hear what we say because of what we do not do. I think we have in the area, as the member for Windsor-Sandwich mentioned—

Mr. Wrye: The very point I made this morning.

Hon. Mr. Welch: Let us go out and let us get into the municipalities of this province, let us deal with the school boards of this province and deal with these other public agencies. We are going to have a workshop on affirmative action dealing with the school boards in March.

Mr. Wrye: Let me pursue that then, since you have opened up the issue and I thought it was appropriate that we move to this. I am willing to set aside, in terms of our time, equal pay. We now have the legislation. Obviously, both opposition parties are disappointed with it and I am quite prepared to leave it at that. But we really have not had and we did not have the opportunity to hear your thoughts on affirmative action on the day the leader of the third party brought in his private bill. I think it is appropriate that we get some thoughts from you today.

I want to say, first of all, and I think I mentioned it to you, but if I did not I will say it today again so I can be even-handed, that I did not know quite what to make, as I really like her, of Judy Erola when she said that you were one of the enlightened people around that table back in June; I feared greatly for what is happening in the other provinces. I shared conversation with her on that and shared with her my thoughts that you probably did bring an enthusiasm and a sense that we have to be moving ahead. I guess, as you say, all we differ on is perhaps the tools we are using, and that is what we are going to get into.

Specifically, I want to get into the tool of the public sector. You know I put my three-part area on the record again today and repeated what I said in the debate. I share and agree with you, and I divide from my friends in the third party on it, that I would not start and try to do it all. I think proper, effective, aggressive staging demands that you try to keep the numbers fairly

small at the outset so you can ensure the compliance is actually effective.

That being the case, let us put aside the private sector for a second. Of the 889 largest employers in the province, how many—

Hon. Mr. Welch: Two hundred and—I am sorry.

Mr. Wrye: How many of these large employers are in the public sector?

Ms. Carr: There are 240. Perhaps Alison would like to speak.

Hon. Mr. Welch: Ms. Alison Roberts, perhaps you could come here. Right where you are is fine.

Mr. Wrye: How many of the 889 are public sector employers?

Ms. Roberts: Of the 240, 44 are public sector; school boards and municipalities.

Mr. Wrye: How many are now involved in affirmative action programs?

Ms. Roberts: Are you looking at the total sample of the 896? How many school boards?

Mr. Wrye: Yes, and you have compliance from 240 of the 896 largest, 500 plus.

Hon. Mr. Welch: Yes, 500 plus.

Mr. Wrye: How many are public sector, municipalities, school boards and the like; and how many of those—it seemed to me the Minister of Labour indicated the percentage of compliance in the private sector last year was 26 per cent and in the public sector it was 23. I am just trying to get a sense of whether that holds.

Ms. Roberts: I am just looking at the figures. There are 177 school boards in the province with more than 100 employees. That is public and separate schools. There are 100 municipalities with more than 100 employees, so that is a total of 277. Both of those are public sector.

Mr. Wrye: How many are involved in affirmative action?

Ms. Roberts: Of that 277, it is 44.

Hon. Mr. Welch: I am sorry. I thought perhaps the member was anxious to know how many of the 890 were really public, which means we are talking about over 500.

Mr. Wrye: Do you know how many of the 277 are over 500?

Ms. Roberts: Let me do some quick math. That is 48 and 58, which is 106; municipalities, 21 and 18, for 39.

Mr. Wrye: That means 145 of the largest employers are public sector. I like the number

100, as the minister knows. It is the number I used this morning and I thank the director for bringing it to our attention.

We have 277 public sector employers who do not do business in glorious isolation from the public of Ontario. They do business and carry forth their business using the dollars that men and women in this province pay through their property taxes to municipalities and school boards, and through transfers from your government and transfers from the federal government.

After eight years, 44 out of 277 are involved in affirmative action. I do not know how many are out of that 145 largest. Maybe we can get that as we go on. A quick calculation on my part would indicate that is about 16 or 17 per cent. You started at home, you started in your own home; and I agree with you, we cannot go out and say to General Motors or to any of the largest private employers, "Look, do it this way," and have them turn around and say, "You do not; why should we?" You started at home and I congratulate you for it.

3:20 p.m.

Despite your enthusiasm, my sense is you must be a little bothered by the fact we are really not making huge progress; 240 employers is up from 209 employers two years ago. It is only about 31 more and my friend from Beaches-Woodbine asked how many of them were still ongoing. Maybe they all are. Even then, we are still at about one out of ever four; about 25 to 35 per cent.

It seems to me this is an obvious area for us to explore. I know you do not want to go the whole route of mandatory affirmative action but why would you not, before we legislate, perhaps develop with your colleagues some kind of a proposal which would lay it on the line, "Do it in a voluntary fashion or we will do it for you"? Do you not think the time has come to do that?

Hon. Mr. Welch: I think it bears some repeating that there are times when one should really take the opportunity to recognize the leadership role Ontario plays at present in this whole issue as far as the country is concerned. I reminded you that not long after my appointment, the Honourable Judy Erola asked me to look after the presentation from Ontario on the whole question of affirmative action. It was a very positive story.

There was our own record to which you have made reference, about which there is a report now for the fiscal year just completed on the

progress that has been made within the government itself as an employer.

There is the fact that we have decided, as far as the voluntary program is concerned, to work with the pace-setters in this province and to concentrate on the employers in Ontario with 500 or more employees. We hope in this way to get larger numbers in these initial stages committed to this whole concept and to set them in the leadership role.

I think there is more work to be done on that. There is no question that both I and this government are committed to the principle and the whole concept of affirmative action. We believe it speaks to the whole idea of equality of opportunity and there are special things that need be done to ensure that women have this access to equal opportunity. As I say, the record of the government itself as an employer is there for all to read.

I think the next step for us, and we are going to have a workshop in co-operation with the Ministry of Education, is to work with all the school boards of Ontario. We are having a consultation in March 1984 to bring them all in and indicate to them we feel they should be setting a clear example with respect to this. I think the next stage would be to work with the Ministry of Municipal Affairs and Housing and to deal with the municipalities of Ontario.

There are other what you might call public or semi-public bodies with which we could work, getting the message across quite clearly that we are committed in the name of equity and fairness to the whole principle of affirmative action, and that it does not belong to government alone.

I pay tribute, to which I think the member for Beaches-Woodbine made some reference, to the women's committee of the Ontario Federation of Labour. Its members have been conducting workshops across Ontario to make the case for affirmative action from their point of view and to invite the public to make presentations. I think this is the way it should be.

I appreciate having your views because, as you mentioned before, I do not think we are arguing about the principle. I do not think we are in any disagreement with respect to the goal. There are obviously some honest differences of opinion as to how we will accomplish that goal and the various steps. I think it is also very important we recognize that the human rights legislation of Ontario recognizes the importance of affirmative action. Indeed, in many of the cases, affirmative action programs have

been developed as part of the solution for these things. I think it requires a bit of education because there are some myths as to what affirmative action really means. Those myths stand in the way of some progress, so we have to do that, and that is what our staff people do when they go in to talk to an employer.

I am sure employers in many cases misunderstand what exactly affirmative action means. So the staff have to work along these lines, talk of competence and ability but also of the need for targets and objectives and recognition for a percentage of the work force who are women and the opportunities for growth and development, as well as not overlooking access to the work place at the beginning.

Sometimes, as we think in terms of ourselves, we fail, and this is an important point, to recognize the position we have taken as far as Ontario is concerned. Not that I am satisfied with where we are. There is a lot more work to be done. Indeed, as the member for Windsor-Sandwich says, it may well be that in our target group at the moment, we could talk about a lot of employees as we deal with school boards, municipalities and other semi-public agencies, and with them make greater progress in addition to working with the other remaining employers in the so-called private sector with employees over 500.

Let me give you an idea. I lunched with the president of General Motors of Canada not too long ago and found the company was organizing at present. They have a committee at work and they are a very large employer. I am sure we could give you lots of other examples. One of the impediments I have, even in my present enthusiasm, is in being able to give you some other examples.

One of the conditions that is laid down when we deal with private employers is a certain confidentiality. I was able to get permission from Imperial Oil and a number of others to use them as examples of the private sector, but I do not want to destroy that credibility. I come back to the point I was making to the member for Beaches-Woodbine. It seems to me the whole concept of affirmative action is so obviously fair there will be many large organizations which will certainly want to respond very positively to it. I hope they will see it is to their advantage in the marketplace as well.

Mr. Wrye: Since Alison Roberts had the figures for 100 plus, is that some indication, and I am just fishing for information, that you have expanded your horizons from the 889 or 896, to

500 plus for municipalities and 100 plus for school boards? Have you expanded in that way? That does allow you to factor, almost double, the number of municipalities and school boards.

Hon. Mr. Welch: I imagine those figures are broken down that way to assist us in the March consultations.

Ms. Roberts: That is right. It is generally to have an idea of what size we are looking at and how many there are in the market. We do concentrate on those with more than 500.

Mr. Wrye: How many new converts have we had in the public sector this year?

Ms. Roberts: We have had 13. We have had 10 new school boards and three new municipalities.

Mr. Wrye: So there is some growth there. I do not want to hog the time. The member for Beaches-Woodbine may have some thoughts. I guess I get a bit of a sense of it and I will leave it with one more specific question.

The carrot you have dangled for eight years is being placed right in front of the noses of the school boards in March, and in the following months, through co-operation with Mr. Bennett, of the municipalities. I welcome any progress and hold no brief, as you know, for us walking into the House and passing legislation. We have lots to do without having to involve ourselves in private and public sector businesses unless we have to. I put that on the record. I am never interested in legislation when we can do it in a voluntary way, but I am interested in seeing improvement.

3:30 p.m.

May I ask you, in the light of that, and I get the impression we are going to be pretty aggressive about it, if the time has come for the public sector to move? If the public sector does not move—and I want to deal specifically with them because I think they are the worst offenders, just as I would think you were the worst offender if you had done nothing—are you prepared to go further; and if so, what kind of timetable do you have? This is 1983. Surely we are not going to have this discussion, if we are both here in 1993, and say, "Well, we are at 77 now."

Hon. Mr. Welch: No. I think that between now and our next set of estimates I will be in a much better position to have a more personal feel for the whole situation, after going through the consultations to which I have made reference.

I am delighted the Minister of Education and

I will be at this consultation together. There is no question of where the Minister of Education stands in this matter as a member of the sitting government committed to this, doing this ourselves. We will be quite explicit with the school boards as to what we feel on this, as we will with the municipalities.

I would like to go through that exercise and hear at first hand the comments that will no doubt come from that; to get some appreciation with respect to their point of view and the objections, if any, they might have with respect to method or progress. I think one would have to provide them with that opportunity.

I am convinced now that your views on this would be equally as important as mine. In so many cases, people really do not have any reasons why they are against these things. It is just a case of how to get them going. I suppose, Alison, you could provide us with some examples of how this has worked with some of the employers.

Ms. Roberts: You mentioned it earlier. Usually, if there is resistance it is based on a mythology that surrounds the whole term. Once employers understand what you are talking about they are generally ready to implement programs they can then see as having some considerable benefit.

It is the thoughts that surround, or the beliefs that surround the term, which have been difficult to overcome. We are overcoming those things. I think that is evident in the kinds of topics the networks have been examining. They are looking past the whole idea of what is affirmative action to the how-tos—how to establish goals and timetables and how to get into the very tight specifics. So they have passed that stage.

Mr. Wrye: What mythologies do you find are most repeated and what is being done? The minister may want to comment on what he may be prepared to do to overcome them. I get sick of watching lottery ads. I would love to see one with a nice, good start on this and not too Progressive Conservative an ad that—

Hon. Mr. Welch: I just want to tell you we stand at the ready to provide any type of information program we think will help us to accomplish our goals. I hope the member for St. Catharines (Mr. Bradley) would not rise in his place, however, if we entered one of those—

Mr. Wrye: I will talk to him.

Hon. Mr. Welch: But I wonder whether we can do this in the context of this. What we are

really talking about is economic equality as a general concept. We think in terms of opportunities that are related to that. We think in terms of one of the issues, which is the wage gap.

We have talked about that at some length and we did address the legislation through the equal pay amendments. We think of the progress that has been made with respect to the public service through affirmative action and what has yet to be accomplished.

I am hoping we do not lose sight of, and your colleague from Hamilton and others have made this point, of how to get into this whole business of occupational desegregation. That is why we really should not avoid some of the other initiatives we are taking here with our Women in Technology conference, the business of seeing what impact technology is going to have on women because of the concentration in these various ghettos to which you made reference and how we are addressing that; through the mentor program, to which I made reference, in trying to encourage young women to see clear opportunities in what up to now they may have considered to be non-traditional roles, where the big progress is really going to be made. I am not trying to minimize the importance of all of the other things we are talking about, but we must not lose sight of the fact that all of these things are spokes in the larger wheel of accomplishing what—economic equality for women?

One of the ways to do it is to look after those who are there, to make sure they can be promoted and have access to employment opportunities.

I think we should charge the member for St. Catharines for that apple juice he just took. Is he a member of this committee?

Mr. Wrye: I will substitute him in if he is not.

Mr. Harris: Now that you have it on the record, he did say, "The only reason I came here was for some apple juice."

Mr. Wrye: They are cheap on his committee.

Hon. Mr. Welch: That particular matter is very important; the big results will come in making sure that women are equipped.

Think of the budget. The current budget we are operating on has \$4 million for training. When we were at that conference in Ottawa with the federal minister on the status of women, they made it quite clear that some of that money had to be made available for academic upgrading.

It is one thing to have training programs for women to move into other technologies, but

they have to have some basic pretraining programs, so to speak. So there was the whole question of academic upgrading, the whole question of subject choices in school. They are longer term. They are not perhaps as crisp as some of the other things you can talk about, yet that is where the results will be.

Ten years from now, in the case of whoever is taking these estimates—I doubt very much if it will be me—it will be very interesting to see what that report I just tabled yesterday is going to say with respect to ourselves and what is also going to be said out in the private sector, because we are going to have had a whole decade of young women moving into areas at what I think will indeed be a very accelerated rate.

When we have Women in Technology conferences and seminars and the big conference that will be in Toronto, that has to be seen as very important. This is not to overlook the other important things to which you have already made reference in your lists—the whole question of the family and domestic violence, personal security, all these matters that we are working together on.

We have to see that we do these things, but it goes back to what the member for Beaches-Woodbine and you yourself have said. With all of these things on the agenda, you have to establish some priorities. That is the big job we have to face up to together.

Ms. Bryden: Ten years from now, if we continue at the present rate of 240 in eight years, we will probably have another 250 programs for the 300,000—

Hon. Mr. Welch: Yes, but you were fair enough to say, "if we continue at the present rate." That is where the rub comes. I do not think we will be that slow.

Ms. Bryden: I hope you are right, but with regard to your saying that Ontario is doing more than any other province; it certainly should, it is the largest industrial province.

Hon. Mr. Welch: They have school boards and municipalities in other provinces.

Ms. Bryden: But it seems to me we have to set a much better example than we have in the past on affirmative action in both the private and the public sector.

I burned the midnight oil last night to read the latest report of the women crown employees office. I appreciated the minister sending it to us just before this meeting. I also congratulate Barbara Speakman for getting the report out

less than six or eight months after the end of the fiscal year. The previous one took 13 or 14 months after the end of the fiscal year before it came out. There has been progress there, and yet I believe her budget was not really increased.

Hon. Mr. Welch: That is part of our staged progress, to which we make reference in the House from time to time.

Ms. Bryden: Even though the first paragraph of the report says there has been a 2.2 per cent improvement in the wage gap, I do not know that you can really ascribe that to the affirmative action program. The report even admits there are so many factors involved: the makeup of the public service, changes in the makeup, changes in employment practices, the restraint program and things of that sort. In some cases women benefited more than men and in other cases they did not.

Mr. Wrye: There were a couple of large arbitration awards in the office and clerical areas.

3:40 p.m.

Ms. Bryden: No; they actually had an award for 13,000 employees rolled back from 11 or 12 per cent to five per cent. That would certainly not have closed the wage gap for women. On the other hand, according to this report, only about 15 per cent of women make over \$32,000. They would not have been affected by the ceiling on increments.

I do not think this report has proven the case that affirmative action has closed the wage gap. If you look at the report, we still have 80 per cent of women in the clerical areas. It was 80.3 per cent last year and 80.7 per cent this year.

In the institutional care field, we still have 65 per cent. It was 65.3 last year and 65.4 this year. In general operational, it was 42.2 per cent last year and 41.9 per cent this year. In the law enforcement field, it was 2.3 per cent last year and 2.4 per cent this year. In the technical field, it was 13.8 per cent last year and 14.0 per cent this year. These are very small differences. It is virtually a flat situation.

In the office services area, 95.6 per cent of jobs were held by women last year; this year the figure is 95.5 per cent. The vast majority of people working in that area are still women. We are not doing what everybody says we must do to close the wage gap—help women move out of what are called the traditionally feminine occupations into the vast majority of other occupations.

The government cannot encourage other employers to do this unless it cleans its own

house and shows that it is really working and really producing results. Statistics still show that 67 per cent of people making under \$13,000 are women and 86 per cent of people making \$13,000 to \$17,000 are women. We are a long way from achieving any sort of economic equality in the public sector.

The union has found it cannot get the other factors needed for economic equality—day care within the public service, paid maternity leave above the unemployment insurance level to cover the gap between regular earnings and maternity leave, rights and benefits for part-time workers, protection from job loss as a result of technological change and video display terminal health and safety legislation.

The union, seeing that this was not happening through the affirmative action program, tried collective bargaining on the issues I just mentioned. They found that all these issues were put on the bargaining table as barriers to settlement. That means there would be no settlement if those issues were negotiated. Finally, most of them were dropped from the bargaining.

They went to arbitration on the maternity leave and VDT issues and won both of them.

Hon. Mr. Welch: Yes, that is my understanding.

Ms. Bryden: It was not the government's affirmative action program that did it. The fact that there is no union input in the development of the government's affirmative action program indicates to all the women employees in this province that they are not going to get the kind of affirmative action they think is necessary to overcome continuing underrepresentation in a great many occupations.

It is very good that the report from the women crown employees office now pinpoints the areas in the ministries where women are underrepresented. The Ministry of Energy is among them. The measures to overcome that include a target that the government set in 1980, I think it was, to try to achieve 30 per cent representation in all categories and modules. In last year's report however, it started to talk about not achieving this target until the year 2000, a long time for women to wait for economic equality in the Ontario public service.

Thirty per cent is not an accurate representation of the number of women in the Ontario public service anyway. Women now account for almost 42 per cent of the total number of employees. If representation is to follow the pattern of employee gender, it should be 42 per cent, not 30 per cent in most categories. It can be greater in some instances and less in others.

depending on training, job requirements, and so on. However, we are a long way from reaching even 30 per cent in many areas.

Is the government backing away from its 30 per cent goal? Last year's report suggested this figure may be unrealistic. I say it is not high enough. What does the minister say?

Hon. Mr. Welch: In some areas we have passed it. Barbara, possibly you could make some comments with respect to this?

The member for Beaches-Woodbine (Ms. Bryden) has already indicated something I have been trying to say, which is that the way to close the wage gap is not exclusively through affirmative action. Legislated equal pay and occupational desegregation should also be part of a multi-faceted approach. It is important that we view this as a total package.

Ms. Bryden: Equal pay for work of equal value and affirmative action are the two key issues.

Hon. Mr. Welch: There is no arguing their importance. They have become part of today's vocabulary, directed toward the whole concept of economic equality. While I do not minimize their importance, they are not exclusive.

Ms. Bryden: I do not deny this. You do need a package.

Hon. Mr. Welch: That is right.

Ms. Bryden: You also have to include day care in the package.

Hon. Mr. Welch: If Barbara might comment on our targets; I think these targets are very important.

Mr. Chairman: Barbara, could you tell the committee your full name and title?

Ms. Speakman: I am Barbara Speakman, director of the women crown employees office, Ontario women's directorate.

You referred to last year's report and discussions relating to the 30 per cent goal. The figure was mentioned in response to a review by the Provincial Auditor of the directive the women crown employees office and the affirmative action program follows. This review, which was later examined by the standing committee on public accounts, noted that it appeared difficult to reach the goal of 30 per cent in some areas. It also recommended we re-examine our methodology for reaching 30 per cent by the year 2000.

I would also like to clarify that 30 per cent is a minimum goal, which answers your point about going to 40 per cent, 50 per cent, or even more in some areas. Just because we have reached 30

per cent in a particular area, does not mean we will stop.

An examination of our methodology for setting targets indicated that perhaps we were a little ambitious in some areas, due to a lack of qualified women to fill available vacancies. This relates to the minister's comments concerning the need for more time to get women through the school system. I believe it will be a while before there is a pool of women qualified to work in some of the technical trades and professions.

3:50 p.m.

This said, we are sticking to a goal of 30 per cent minimum representation in all modules and categories by the year 2000. In some instances we have almost reached this goal; two categories in this report are over 29 per cent. These are the administrative and management areas which become feeder groups for senior management.

With some of the technical trades and some professions it is difficult to get a feeder group going and that is the first step. I imagine it will be in something like five-year terms that we are going to see real improvement in those areas. I do not know if that answers all the points you made but we are not—

Hon. Mr. Welch: I think one point that would be helpful that came to mind was the figure of some 1,400 or more taking advantage of the accelerated career development. I think it is important to see that built in because I do not think the figures really reveal that as much they might because of the in-house work that is done. I think that would be important because, as the member for Beaches-Woodbine quite properly mentioned, efforts are being made to encourage women out of certain ghettos or however one wants to describe them, and I think that in-house program of acceleration is important to highlight it.

Ms. Speakman: It is especially important during a time when the vacancies are much lower than they have been in the past for these nontraditional areas. With some of the statistics, once one goes through them, one sees the vacancy rate is down again this year. However, the accelerated career development program is continuing at a fairly high level for 1,474 women, which is about five per cent of the women in the service who obtained career development initiatives experience in a different kind of work, obtaining some qualification or skill which will qualify them to compete for nontraditional

areas. That pool is being developed all the time and will add to the pool for future vacancies when they arise.

Mr. Wrye: One of the things I would like to ask about, if I might, and which I believe is on the accelerated career development, is I noted in some of the training courses that are taking place that your predecessor in these estimates, the Minister of Labour (Mr. Ramsay), made some mention of the numbers of women who were involved in training courses. But an analysis we did, and I do not have the figures with me, indicated a year ago—it probably is not appropriate because there may have been changes or at least I hope there have been—that while the number of women in the public service who were involved in training courses was significantly larger than the number of men, the total dollars expended on courses was significantly different in the other direction.

I have been on a lot of training courses in my previous incarnation with the Canadian Broadcasting Corp. That was all we ever seemed to be on. When I sent junior employees on a training course, it was a one day quickie course. It helped a little but it really was not the intensive kind of course that leads to real career development.

In the case of other more senior employees—as producer I went on a course which was for a week and one half which got us into senior and detailed production techniques that were of far greater value.

Has there been any change in that discrepancy I noted last year, where there were a lot of women involved but they were doing a lot of one day specials as opposed to the men who seemed to be getting the longer term intensive courses which it seems to me are very appropriate in moving into more senior positions?

Ms. Speakman: We are talking about two different things. The figures you refer to are staff development figures, which is the ongoing staff development activity that takes place for both men and women in all ministries. You will find a summary of those figures on page 46 of this report. Perhaps those are the ones you are referring to.

The accelerated career development figures I talked about, the 1,474 initiatives, are over and above that. They are separate from that and are not included in those figures on page 46. Therefore, women are getting extensive, intensive training on the job, by secondments, by job rotations through other types of work, through acting appointments and sometimes fairly exten-

sive courses. We have also indicated in this report the breakdown of those career development initiatives by that kind of thing, whether they are secondments and so on.

We are finding there is not only an improvement in the level of staff development activity for women generally, but also an improvement in the accelerated career development activity. You have to take the two together to get a full picture.

Mr. Wrye: Let me ask another question of the minister, if I might, along the line we are discussing. I might start out by mentioning again that I see some glimmer of progress in this report. My sense of it is we are making gains. In a sense, that tells me there are gains that could be and ought to be made through this kind of intensive affirmative action programming in other sectors, public and private.

I said I would not talk about equal pay, but I think the member for Beaches-Woodbine (Ms. Bryden) made some excellent points. I have not had a chance to review the report thoroughly, but the numbers she used point out that we appear to be relatively stagnant in a lot of areas. There is very little gain by women in some areas that are not traditionally theirs and very little diminution of the number of women in areas that are traditionally theirs, in spite of it all.

Has any consideration been given in your ongoing studies in the women's bureau to looking at this place, this public sector, the Ontario government, for some kind of pilot projects on equal value to see if they would work? If not, why not? Again, I would like your own comments on starting at home. I will grant that you have a concern I do not, that there are signs the federal and Quebec initiatives have not proven that the whole concept of equal value will work. I will take you at your word on that, that your reading shows that.

As you go on with your studies, is there any thought being given to perhaps trying to attack this whole idea of equal value within the civil service of this province? If not, why not?

As I listened to that 95 per cent figure and others, the sense I have always had—and I have read a number of comments on it—is that the diminution of those job ghettos will come in some sense as men find those clerical jobs, for example, to be worth while, not only because they have an interest in them. I do not pretend that men do not have some interest in clerical jobs. Some men would probably like to do them, but they take a look at the salaries and they say, "Forget it. I can do better in a similar type of job,

just another step beyond or another step sideways, and do a whole lot better salary-wise." That is a job we always give to men.

Has there been any look at trying this approach at home, perhaps in a couple of selected areas?

Hon. Mr. Welch: I think the short answer to your question is yes. I have been discussing that possibility with my staff. Those discussions have not proceeded far enough along to come to any final determination. It did strike me that might be an interesting approach, to find an area you could clearly define and see whether or not you could be conducting some on-the-job evaluation. I am not far enough along in those discussions to indicate what conclusions we might come to.

I repeat, the short answer to your question is yes. That seemed to make some sense to me as well.

In the meantime, it is my understanding that the Canadian Advisory Council on the Status of Women is going to sponsor a public forum in the early part of 1984 to invite some discussion on this particular subject. Once again, what you really want to satisfy yourself about in this whole area is how many of the problems being discussed are real and how many are imagined. Perhaps it would be healthy and helpful if there was some type of public discussion to air some of these things and have some representations made. The advisory council will perform a fairly useful service by bringing people together to discuss that.

4 p.m.

Indeed, the Ontario Federation of Labour and others are—I suppose these things are being discussed as part of a public program of education and information.

Using the Labour minister's words at the introduction of his amendments on Monday, if we have reached a stage with these amendments that we now have equal pay for work of equal value in substantially similar work or jobs, the question is how we might move.

Let me just share my approach with you. I thought that when we took that step and there was just so much time with respect to what some of the other areas were, we might place even further emphasis on affirmative action along the lines that we discussed a few moments ago and see some more initiatives being taken in that particular line to complement some of this other legislative change.

I have not lost sight of the fact that in order to be that much better informed with respect to

difficulties about which you read and hear, we should see, exactly as an employer, whether there were some things we ourselves could do. That was your question and I will be able to report back to you after I have had a little more information on that.

There was one thing raised by the member for Beaches-Woodbine and yourself and I do not want the time to expire without commenting on it. I know we all share this area of concern. It is the whole matter of domestic violence, particularly in view of your communiqué dealing with the funding and so on.

I just want to report to you, as a follow-up to the statement we made in the House and then also some of the initiatives we will take, that in order for us to provide the greatest degree of very substantial help to victims of domestic violence that we possibly can, we recently appointed a new provincial co-ordinator of family violence initiatives. This person will be located within the Ontario women's directorate. Jill Logan was named to that position last month. She was here, but I guess she had to go to a meeting. Her job will be to co-ordinate the government's response to problems facing victims of family violence.

Perhaps we mentioned it at that time, but I think it is important to remind ourselves that the co-ordinator will rationalize and prioritize the various projects and initiatives we undertake and make sure our funds are disbursed consistently and constructively. This is particularly important as the government moves to establish a stable and rational method of funding emergency housing for victims of family violence. I have raised it, because the member for Windsor-Sandwich has brought this point up.

The co-ordinator of family violence initiatives has established a steering committee with one representative from each Ontario government ministry whose programs are relevant to victims of domestic violence. That committee will provide advice on development and co-ordination of policies and programs, including funding discussions with our counterparts in Ottawa. In fact, I am going to a meeting on Monday of next week to start such discussions. I appreciate having this advice.

I say to the member for Windsor-Sandwich that we might have a chat once I have had a chance to review this, because we are going to be talking about that.

This will also help the co-ordinator assess and give some priority to projects. Then the committee, along with the provincial co-ordinator,

will liaise with community representatives to obtain advice and benefit from their expertise in terms of the initiatives the government should take.

The co-ordinator of family violence initiatives has the very important responsibility of the launching of a major public education campaign in order that all of us are aware of the extent of violence in the home. There are many myths that will have to be dispelled if the public is to recognize the seriousness of this problem. The public information campaign will begin very early next year.

I mention this because it will serve several purposes. One is to make people aware of the dimensions of family violence and in doing so enlist public support and co-operation. It will also make people aware that assaulting vulnerable members of the family is a crime. It will focus attention on help that is available to victims and it will clearly convey the message that brutality towards any person is unacceptable and make it clear that such behaviour is against the law and that it will be punished.

We are entering into discussions with the federal government to ensure a co-ordinated and complementary thrust by all levels of government, keeping in mind that this is really going to be the federal government, provincial government and the municipalities. This will range from an examination of the cost-sharing provision under the Canada assistance plan and the availability of capital funds for transition houses, to such matters as the evaluation of special projects which are being or will be funded by the federal government and this government.

A standardized protocol for all those who provide services to battered wives will be developed in the coming year, with guidelines for assessment, treatment and prevention, and workshops will also be carried out to ensure service providers are able to use these resources effectively.

We would all agree that learning how we can prevent family violence is an important goal and one for which the government is accepting a leadership role. Until such time as we have identified the root causes of this violence, and all of us recognize that it is a public and not a private matter to be addressed, the cycle of violence is going to continue.

The government, with the support of all members of the House, recognizes that it must not only meet the existing needs of battered women and their families through our legal and

social systems, it must identify this violence as an act that society is not going to condone. Only in this way will such gross injustice against such large numbers of women be stopped and will they be able to rebuild their lives.

I appreciate the fact that this matter has been raised in the list of concerns as women's issues and I am encouraged by the comments which have been made with respect to the steps that have been taken. I would not want to overlook the tremendous contribution which the standing committee of the Legislature made in this regard to bring it to public attention. I am sure the information that committee received has really shocked an awful lot of people in the province and, of course, throughout the country. We have talked about this from the standpoint of a federal-provincial task force.

Ms. Bryden: Mr. Minister, you have a big chunk of money, \$2.5 million, allotted to the work of the directorate. It seems to me that a lot of victims will not get help because a lot of the interval houses will have closed, disappeared, or been unable to provide the kind of services the victims need.

Guidelines as to services are insufficient because the municipalities decide what they will fund, since they are involved in the funding, and a lot of them are funding only room and board on the basis of need, which means you do not fund the beds which are not occupied and so on. There is no assured income for most interval houses. By the time you talk to the federal government and get the Canada assistance plan changed to provide what is called a stable income or a cash flow they can count on, a lot of them will probably have disappeared and no new ones will be able to get started. This is the tragedy of going too slowly in this area.

I know the Minister of Community and Social Services (Mr. Drea) has earmarked \$4 million to try to help the ones in trouble, but let me just give you a report I got from some of the interval houses. What is happening about the allocation of this bail fund, as it is known, is there is only \$1 million of that \$4 million available until the end of this fiscal year.

After I asked a question in the House about it, most of the interval houses were phoned and asked if they were operating in the red and did they need money between now and March 31, 1984. What happened was that if they said they had to see their bookkeeper to estimate their deficit, or if the Ministry of Community and Social Services regional officer who called did not get through to somebody who could get the

figure, then no figure went into ComSoc. It appears now that those who did not give a figure over the phone are not on the list to get any help.

4:10 p.m.

Also, there are quite a number of interval houses that do have deficits and appear to be ineligible because they either have not applied or they are getting some funds from the federal government, or one of them has not got rezoning yet. All sorts of them are in dire straits and will likely close because this money is not getting to the ones which really need it. There is no proper investigation being made of their operating costs or of their capital needs. There do not appear to be any capital funds available from the provincial government, and to wait for Ottawa in its present deficit position means it may be several years before there will be any capital funds from that source. We have a crisis situation in the interval house area.

There has been no response to the committee's recommendations about special houses for francophones or special immigrant groups which need services in their own language. There is no response to the request for legislation. The minister has said he is not going to legislate standards that must be available to provide adequate service for victims. He is presumably going to leave it to the municipalities to decide what they will provide. He has rejected block grants, which would be a way of removing that responsibility from the municipalities for the funding part of it and for sharing in the costs. It would give an opportunity for the interval houses to develop the kinds of services that are really needed.

There are 37 recommendations in that report and so far practically none of them has been adopted. This is the most urgent one, to provide adequate funding for the interval houses, to look again at the block grant situation and to get legislated standards.

Hon. Mr. Welch: May I simply say, and I know that the member for Windsor-Sandwich will make some comments as well, with the greatest respect, I do not think it is really quite fair to say that so few of those recommendations have been implemented. I think the Provincial Secretary for Justice (Mr. Walker) in making his report filed a very detailed statement with respect to those. I suppose a statement such as the one which the member for Beaches-Woodbine has made shows the need for some type of public education program so that the resources now available are better known.

I do not for a moment minimize the financial problems and I would want to get to that point very quickly. It certainly was my understanding that we have been provided with the necessary resources to ensure that none of these houses would go out of business. That is the commitment we have made in the short term, that we would be addressing that problem.

I must say some of the information you provide is a bit disturbing. I do not question it; following these estimates, I will make it my business to check into those matters. Our understanding was that we were being provided with the resources that were necessary to address those short-term situations, to provide us with the time to go into the longer-term funding implications and that we were starting those discussions on Monday of next week, as I mentioned to you.

In the meantime, I will certainly make it my business to find out why some of these people whom you or your office have contacted appear to have some questions in their mind about what I would call shorter-term survival.

Ms. Bryden: I understand they were not even told when they were phoned by the regional office why the office wanted the information about deficits. They did not realize that if they did not provide the figure immediately they would not be on the list.

Hon. Mr. Welch: Any interval house operating in Ontario at present, either itself or through its association, would be aware of the statement made in the Ontario Legislature by the member for Armourdale (Mr. McCaffrey) in that connection. However, I am not questioning that.

Mr. Wrye: You may not be aware of it, Mr. Minister, so let me jump in here and help you out a little. It may come as a surprise to you that the Ontario Association of Interval and Transition Houses, and I would think you would share with me a recognition that it is a fairly important umbrella group involved in this matter, was not consulted between the time the standing committee on social development report came out and the time that you, Mr. McCaffrey and Mr. Walker made your statements in the Legislature one year later.

I want to pay tribute to the committee; I was not on it so I can pay tribute to it without being self-serving. I think it did an excellent job. I want to read a couple of the comments and share with you the statement which has gone out under my name today. It has a number of bases of response; the houses involved which have

responded to our survey and some of the comments on the question, "What is your reaction to the government's response regarding transition houses?"

I do not think the opposition is as tough in the Legislature as these people are. Maybe that ought to tell some of us in the opposition something. Maybe these people were a little frustrated by the length of time. One comment is: "I am really pleased to see a response from the government, but I feel this money would be better spent by implementing the standing committee's report recommendations. Block funding is a good place to start."

Other responses were:

"In terms of recognition of transition houses as being valid political social services, the specific response is inadequate. Deficit grant financing is fine in theory but wholly unworkable."

"The government took too long to respond."

"The government did not ask for or accept any input from the Ontario Association of Interval and Transition Houses."

This is a final expression of disappointment. "We have been waiting for a government response to the standing committee's recommendations for a year. During the past year we have been struggling financially. We need ongoing operating money, not bail-out money, conferences or research."

This leads me to my next comment. I am going to be pretty critical here. I think this government is hiding from its responsibilities in this area in the sense that I believe the vast majority of the responsibility belongs right here in Ontario. It does not belong in Ottawa. I want to put that on the record. We discussed this when we met as early as August, and you, the NDP critic and I had some brief discussion on Windsor's victim advocacy program.

There has been criticism from this government about the federal government starting into a program and then bailing out. I think the responsibility for the funding of this program, if you wish to go the way of victim advocacy, ought to be that of the provincial government. It is designed as an alternative to the crown involving itself in discussions with the victims of wife battering and as an alternative to the police involving themselves in such discussions. Specifically, it is an alternative that is ultimately going to save the Ministry of the Solicitor General and the Ministry of the Attorney General some money.

I wanted to ask you a question to see if you know; I asked it of the Provincial Secretary for

Justice about a week ago and got a simply bizarre response. It is about the complainant support program report from Ottawa being ready by the end of February. Funding runs out on December 14, 1983. That is exactly one week away.

I understand at least a summary of the report is out and, in effect, the summary has thrown the ball back into the provincial government's court. I know you have not been in cabinet today, but can I ask you, in order to get some word back to my community and to London, which faces the same imminent crisis in terms of its victim advocacy program, whether there is going to be some transitional funding to keep those programs afloat while your government evaluates the federal report?

I have seen a summary of the report, but the full report apparently is not out. I say that in the light of recommendation 21; I was not bothered by your lack of response on recommendation 22, in that 21 says:

"The Ministry of the Attorney General supports the provision of legal information and counselling services to battered wives. However, it is the view of the Ministry of the Attorney General that the preferable way to improve the treatment of all victims of crime ... is the development of victim-witness assistance programs."

It gave me some cause for concern that the ministry is not prepared to recommend proceeding with victim advocacy clinics. I think the people of my community, the people of London and indeed those who are interested in this whole program need a response very urgently, or certainly soon, and in those two cases urgently, from you and your colleagues as to what is going to be done.

Hon. Mr. Welch: Jill Logan, the provincial co-ordinator for family violence initiatives, has met with the president of the umbrella organization of the transition houses. In fact she has met with a number of people in that regard to set out what our involvement will be as far as short-term emergencies are concerned and in preparation for longer-term funding discussions. If I conveyed the impression that we are attempting to transfer the problem, that certainly was not my intention. I see this as a co-operative effort.

4:20 p.m.

There may be some difference of opinion as to whether or not that co-operative effort should involve the municipalities. We feel that it should at this stage. It is in that regard that we have to

have some discussions with the government of Canada with respect to the application of the Canada Assistance Plan or that whole program.

I have never been one to want to get engaged in the ping-pong game of jurisdiction. There are social problems out there that have to be addressed. It was my understanding that in our response, while these other discussions would have to go on with other levels of government, in the meantime there were real and immediate financial problems for which we obtained resources in order to help, to be sure that no facility went out of business.

Ms. Bryden: That should be the top priority.

Hon. Mr. Welch: Yes. To me that is our top priority. I would be very concerned if anything were standing in the way of accomplishing that result.

I do make some distinction there. I know we are talking now about the transition houses and their general operations. Whether or not there are some programs within those transition houses, and obviously there are—you mentioned two—it is my understanding that those programs being addressed by the justice secretariat were related to some assessment of reports as to what the longer-term implications of that would be.

So you are quite right. I think when people make some responses there, they are getting those two funding programs confused.

Ms. Bryden: Just to put it on the record so that Mrs. Logan can look into it, the association of interval houses tells me that she received a list of the houses that are to be funded under it for this fiscal year. The houses that are not on the list include houses in London, Cornwall, Peterborough, Woodstock, Welland, Brantford and Stratford. She knows that all of these houses are in need of funds.

In addition, houses in the north are having considerable trouble getting their needs recognized because of the new ministry's program to provide what are known as women's resource centres in the north. But these are not really interval houses; they do not provide the full service that is needed because they are places where various kinds of crises are dealt with, child battering and abuse, women in crisis with problems that cannot be dealt with in their own community and need to be referred to other agencies, and so on.

While the ministry is funding those 10 or 12 houses in the north, it is sort of closing the door to funding the existing interval houses in the

north that are providing a service but are greatly in need of funds.

I understand that in Kapuskasing there is a 17-bed house but what they are being given is an eight-bed house under the ministry's new program that will be funded and the 17-bed house will not be. Every one of those beds was needed. With eight beds you cannot take more than two or three victims in at once because they usually have children.

These houses are not really an adequate answer to the need for houses in the north. There are still lots of areas in the south, too, that do not have interval houses. You just have to provide the service first.

Hon. Mr. Welch: Right. Jill Logan was here—

Mr. Wrye: May I just pursue this? I apologize for being parochial but I am going to be.

Interjection.

Mr. Wrye: I have five minutes and if the minister does not mind—

Hon. Mr. Welch: I have admitted—

Mr. Wrye: I know you did and I appreciate that.

Hon. Mr. Welch: I met with the person who was in charge of that program.

Mr. Wrye: You saw the legal staff?

Hon. Mr. Welch: Yes.

Mr. Wrye: Maybe I am being unfair to you and maybe to the Provincial Secretary for Justice by criticizing without his being here. Maybe I will do it in the House tomorrow.

I took the opportunity to call a colleague of mine who works on the staff of the Minister of Justice. The minister being a colleague of mine from Windsor, I know a few people in that ministry and he very quickly directed me to the appropriate people. Quite frankly the information I got was entirely different from what the minister appeared to have. He did not appear to understand the urgency of the funding problem.

I have right here the executive summary of the evaluation of the Hiatus House complaint support program. By the way, I might tell you that this was given to Dr. MacGuigan last Thursday, and I have urged him to get it to the provincial secretary on an urgent basis because, as I said, funding is seven days away from being exhausted and I really do not know how they will pay for the lawyer, the office they are renting and the secretary, as of next Thursday, a week tomorrow.

I have read through it. I have not seen the full report yet because it is not quite finished; I think

it is being translated. Frankly, my guess is that the province is probably going to want to take a close look at it. That is fair. In the meantime, I hope the program is going to be funded and I hope you would take from these comments to your colleague the understanding that something has to be said one way or another.

I have not had a chance to talk to Donna Miller, whom you probably met when you were at Hiatus House—

Hon. Mr. Welch: Yes.

Mr. Wrye: —to know whether there is any interim funding. But it is a case of whether Hiatus House in general can somehow manage to fund that complaint support program. While it is not a lot of money, Hiatus House does not have a lot of money and it probably could not keep the complaint support program going on its own for much more than a couple of weeks, or a month probably at best. They might have to do that through quick donations either from the private sector or from a number of lawyers in Windsor who, as I know and the minister knows, are firmly committed to the program and are on the board of directors of Hiatus House.

I would ask you to get my concern to the minister. I may ask him about it either privately or in the House, but I think it is very urgent that some announcement be made one way or another.

Ms. Bryden: Reverting back to one of your remarks maybe 15 or 20 minutes ago, you said we now have equal pay for work of equal value in the amendments. Is that your concept?

Hon. Mr. Welch: Yes, but that is not the complete statement. The minister in his statement introducing the amendments to the Employment Standards Act indicated that by virtue of the composite test he was in a position to indicate we would now be able to accomplish the goal of equal pay for work of equal value in substantially similar jobs.

Ms. Bryden: I was going to say that most people agree that until you start comparing dissimilar jobs you are not going to get equal pay for work of equal value throughout work places generally and get people out of the ghetto jobs. There are a number of work places where there are no men in comparable jobs, and it makes it very difficult to bring those women up to equal value.

Hon. Mr. Welch: Where there is no comparison, yes.

Ms. Bryden: I do not know, in your support and that of the Minister of Labour (Mr. Ramsay)

for the resolution that we enshrine the principle of equal pay for work of equal value in the Employment Standards Act, whether you feel that by these amendments we have done this—

Hon. Mr. Welch: Oh, no.

Ms. Bryden: —because I think we are a long way away.

Hon. Mr. Welch: I voted for that resolution.

Ms. Bryden: I know you did. I do not think the present legislation is supporting that.

Hon. Mr. Welch: My vote followed my participation in the debate, in which I indicated there was no argument about the principle or the objective. But we did talk about the method and the rate of implementation. There was a very open discussion at that time, and I see the steps taken by my colleague as a further move toward that goal.

There is still some work to be done in so far as the concept is concerned as it relates to dissimilar jobs. There is no question about that, and I am glad you gave me the opportunity to clarify it because—

Mr. Wrye: Do you have any idea how much the composite test will narrow the wage gap? Mr. Ramsay said one or two per cent for dissimilar jobs.

Hon. Mr. Welch: I am really not in a position to say. Actually, Gunderson in his report says that even if we had the whole thing in place on dissimilar jobs, it would be a very—

Mr. Wrye: Five to 10 per cent.

Ms. Bryden: He admits his model is very speculative and that there needs to be a great deal more study done on it.

4:30 p.m.

Mr. Chairman: We have just about exhausted our time. I wonder if we could get on with the vote. We are dealing with vote 2303.

Ms. Bryden: We have five hours. We were a little late starting. When do we finish?

Mr. Chairman: That was because you were not here on time.

Ms. Bryden: I know, but the clock does not start running. I was here before any Conservative member was here.

Mr. Chairman: This morning?

Ms. Bryden: This morning. Yes.

Interjection: What are your politics?

Mr. Chairman: I do not play politics in committee.

Mr. Wrye: We view him as a neutral.

Mr. Chairman: We have exhausted most of our time.

Mr. Harris: Did you say all?

Mr. Chairman: I did not say all. I said, "Do you want to get on with the votes. We are dealing with vote 2303." I think it is a good idea. Does item 1 carry?

Ms. Bryden: I notice that item 1 is almost flat. It was \$270,171 last year and it is only \$292,500 this year, which is about a one per cent increase. Does the minister think he can carry on and improve affirmative action among crown employees with no increase in votes?

Hon. Mr. Welch: I have reason to believe, since I was not responsible for putting together these estimates, that the amount would be adequate for this fiscal year.

We cannot have that figure related to the extent to which we are committed to affirmative action. The program functions with the dedicated staff. One has to see both items 1 and 2. We cannot even include 2 in that because, as you were told by Barbara Speakman, there is a fair amount of money in so far as accelerated career opportunities are concerned within various ministries. In other words, they can only claim against this fund if they do not have any surplus money in their salary and wages account. Management Board requires them to use that money first before they make a claim against this fund.

Ms. Bryden: How do you think Bill 111 will affect the efforts to close the wage gap within the crown employees. If percentage increases are uniform, they do not help the low-paid people as much—

Hon. Mr. Welch: In response to that, in contrast to Bill 179, Bill 111 does not talk about individuals. It talks about groups. To that extent, we see that might be an improved way to approach it. Barbara, would you speak to that.

Ms. Speakman: We are not sure yet. We are still feeling our way. We feel that even though the low-income protection has been lifted for individuals, the fact that we are able to approach it as a group may give some leeway, both in collective bargaining and the management groups, for compensation. We really cannot tell how it is going to be yet.

Ms. Bryden: Will all the people who made over \$32,000 and did not get their increments last year automatically get their increments this year? That affects very few women, but it does

go into the total pot, presumably, of the five per cent increase.

Ms. Speakman: The Civil Service Commission and Management Board have not yet issued what the policy is going to be on merit increases for next year. I cannot answer that at the moment.

Ms. Bryden: If they go through, it will definitely disadvantage women because very few of them were in that category, but the increases will then be part of the total package.

Hon. Mr. Welch: It is my understanding that the five per cent is applied to the whole group and applies to that whole package.

Mr. Wrye: I might simply say to the minister as an aside that in looking at the legislation, I am rather disappointed that the legislative minimum was dropped. I would have increased it from the \$750.

Ms. Bryden mentioned that a number of employees remain under \$13,000. Had we had that legislated minimum and been able to pull that group, mainly female workers again, out of that overall five per cent per annum, which the Treasurer (Mr. Grossman) said quite flatly is all that this government is going to give its own civil servants, we could have allowed for a small percentage ultimately over five per cent but with greater amounts in the lower levels.

Hon. Mr. Welch: There is nothing in Bill 111 that will prevent that.

Mr. Chairman: We are a little off course.

Mr. Wrye: You know and I know what is going to happen.

Mr. Chairman: I think we have had a fairly good discussion on item 1. Does item 1 carry?

Item 1 agreed to.

Item 2 agreed to.

On item 3, women's bureau:

Ms. Bryden: I notice it is down from the 1982-83 figure. It was \$793,995 spent in 1982-83. This is down to \$758,500, a drop of \$35,000.

Mr. Chairman: I thought it was \$686,600 to \$758,500.

Hon. Mr. Welch: That is what it says in my book.

Ms. Bryden: In the estimates. The actual was given to us in some figures that were delivered this morning. I really think it was very late when you knew a month ago that the women's estimates were coming up on this date. It was delivered this morning. That should have been in the compendium or the background. It shows

that there is a \$35,500 drop for the women's bureau.

Hon. Mr. Welch: With all due respect, all members of this committee had this material a long time ago in preparation for the consideration of the estimates of the Ministry of Labour.

Ms. Bryden: No.

Hon. Mr. Welch: Are you a regular member of this committee?

Ms. Bryden: No.

Hon. Mr. Welch: That is why I am making that point. What we perhaps overlooked, and for which I will take some responsibility, but which might also temper your comments, is that there has been some substitution for this particular vote.

That change was recognized when this material went down. All members of the committee and your caucus have had this material for weeks. If you knew we were coming on December 5 to do the women's bureau, it would have been a very easy matter to have picked up a copy of this from the person whom you are substituting for.

Mr. Wrye: I would reiterate, I had not noticed it. I think it does deserve a bit of a comment.

Hon. Mr. Welch: There is an explanation to your question. Alison, would you speak to that?

Mr. Wrye: Salaries are down \$4,000.

Ms. Roberts: Yes, there was an across-the-board staff cut in Labour a year ago. Everyone in the women's bureau had been exempted from cuts for some time and in 1982-83 they lost one person from the staff. There also had been a one-time grant in terms of service contract funding and that was not carried forward in 1983-84.

Ms. Bryden: Is your establishment down then?

Ms. Roberts: Down one.

Ms. Bryden: I hope the Minister responsible for Women's Issues will look at beefing up the women's bureau rather than letting it go down.

Hon. Mr. Welch: The one staff cut is in the area of communications. We are making up for that in the women's directorate anyway, of which this is all a part.

Item 3 agreed to.

Vote 2303 agreed to.

Mr. Chairman: This completes consideration of the estimates of the Ministry of Labour.

The committee adjourned at 4:38 p.m.

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From the Office of the Deputy Premier:

Carr, G., Executive Director, Ontario Women's Directorate

Roberts, A. M., Director, Women's Bureau

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Industry and Trade

Third Session, 32nd Parliament
Wednesday, December 14, 1983
Morning Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, December 14, 1983

The committee met at 9:37 a.m. in committee room 1.

ESTIMATES, MINISTRY OF INDUSTRY AND TRADE

Mr. Chairman: This morning we are dealing with the estimates of the Ministry of Industry and Trade.

It is my understanding that the House leaders have agreed to proceed until 2 p.m. The minister will be providing lunch at noon. We will adjourn for an hour for question period, and come back for one hour after question period. Is that the correct information? Okay.

Minister, we had agreed to these hours provided the statement was less than half an hour, and I understand you will be living within our guidelines.

Hon. F. S. Miller: Just on the basis of the way the statement is written, the House leaders were having a brief chat last night from about 10 to 11, and I said I could knock a few minutes off my statement by taking some paragraphs out but leaving them on the record, if that was okay, so that the reading time was less.

The statement, as you have it in front of you, is the record. What I read will leave some parts out. Is that agreed?

Mr. Sheppard: The good parts or the bad parts?

Hon. F. S. Miller: There are no bad parts at all, just some of the good parts.

Mr. Kennedy: Does it matter which parts are left out?

Hon. F. S. Miller: Are you implying that I should leave it all out?

Mr. Chairman, in the next few minutes I would like to lay before you my views on the current state of our economy, my ministry's role in it, our priorities and a brief assessment of the main programs which the estimates before you are intended to fund.

There are usually two views on any economy, the optimistic one and the pessimistic one. The same statistics will usually justify either view. It is really a matter of attitude and perspective. Recently, I had the opportunity to test my perspective during a visit to the Pacific Rim.

The message was very clear. Despite our problems, we remain very fortunate by world standards and even by Canadian standards.

People continue to emigrate from around the world, and from other provinces, with Ontario as their goal. My travels confirm my faith in the ability of Ontario's industry and people to compete with the best.

Mr. Haggerty: You must have the same speechwriter we heard about last night.

Hon. F. S. Miller: Today you have to be nice to me. You just cannot put me in the same category. I am not retiring.

Mr. Samis: I hear you are not moving up either. I hear you are still running for the leadership.

Hon. F. S. Miller: The most important fact is that the Ontario economy is growing again. Our growth, in real terms, should be about 2.7 per cent this year. That is a considerably better rate than for Canada as a whole. In fact, we are currently outperforming countries such as West Germany and the United Kingdom by a wide margin. Next year, we expect real growth of three per cent or more in Ontario. This rate compares quite favourably with those of the member economies of the Organization for Economic Co-operation and Development.

Renewed growth is having a very positive impact on employment. Thousands of workers in our key sectors have been called back to their jobs. The latest federal government statistics show there are 4.2 million people employed in Ontario today, an increase of 196,000 from one year ago.

Unemployment remains high. The seasonally adjusted jobless rate for Ontario currently stands at 9.1 per cent. However, this is down substantially from last year and is well below the 11.1 per cent for Canada as a whole.

There are two main reasons for continuing high unemployment. First, our economy is not working up to its potential, although, as I have said, we are now moving in the right direction. The second reason is that Canada and Ontario have the fastest-growing labour force among all OECD nations. We also have the highest rate of labour force participation among the world's

industrialized countries. In other words, although we have a high unemployment rate, we still have one of the best employment rates in the world.

Our level of labour rate participation and the growth in our labour force mean we need to create jobs at a faster pace in Canada than is the case in most other countries. As I see it, my ministry's main objective is to help quicken the pace of economic activity which, in turn, will lead to job creation by competitive private enterprise.

Our strategy for achieving this objective is twofold: industrial development and export expansion. By industrial development, I mean the process of encouraging new ventures, stimulating investment in new technologies and supporting expansion plans and new products. By trade expansion, I mean the search for new markets, encouraging more companies to sell outside Canada, technical assistance, product mandating and other related activities.

Obviously, trade and industrial development overlap, but they do represent complementary directions for pursuing economic growth and job creation. In both cases, our role is to work with the private sector, acting as an advocate for growth, providing information, technical assistance and financial support to individual businesses. We do not believe our role is to try to do the job ourselves.

The world's most successful economies are those with a vibrant and innovative private sector financed primarily by private capital. Government can and must create the right environment for private initiative and act as a catalyst when needed, and the strategy is working.

For example, growth in Canadian manufacturing output is third among the major industrialized countries belonging to the Organization for Economic Co-operation and Development, exceeded only by Japan and Italy. Canada achieved this ranking because of developments here in Ontario. We produce about three quarters of all the finished goods manufactured in Canada.

The growing strength of our manufacturing sector is exemplified by the performance of our automotive industry. Our car production is up 17 per cent from a year ago, largely as a result of United States demand for the larger cars made here in Ontario. From January through to May, we generated a \$1.27-billion auto trade surplus with the United States, compared with a \$739-million surplus in 1982. Employment in this industry is up sharply.

That, briefly, is the economic context in

which we are working. I would now like to describe what my ministry is doing to help stimulate further growth in the private sector, to create and maintain employment and to strengthen the competitive position of our industries.

The focus of the industry division is to increase investment in Ontario industries, promote innovation to improve our international competitiveness and encourage entrepreneurial development and the growth of small business.

The industry division works towards this end in basically three ways. First, it performs an invaluable advocacy role on issues of importance to our industrial clients. Second, it offers advisory services in the areas of finance, marketing, technology and production management. Third, it provides direct financial assistance to small manufacturers to improve productivity, develop new products and become more competitive.

A key role is played by the small business and field services branch. This branch stimulates the investment and growth potential of small business through advocacy and advisory services and financial incentive programs. It employs more than 60 consultants in 19 offices located throughout the province.

I am sure I do not have to tell you how important the small business sector is to our economy. Small and medium-sized firms in Ontario offer the strongest promise for substantial job creation and product innovation.

The field offices are the primary contact with this business community. They are responsible for delivering the programs and services of the ministry, as well as federal government programs. Last year, the field offices made more than 21,000 client contacts. They provided everything from productivity grants to marketing advice and financial consulting. Of course, many firms do not need or want such services, but they are available to those who seek them.

Another key service is provided by our industrial investment opportunities branch, which promotes Ontario as an attractive industrial investment location. New investment is crucial to accelerated job creation. Our policy is to encourage this investment from both Canadian and foreign sources.

Also within the division of industry is the innovation and product development branch, whose mandate is to assist in the development of new products, processes and services, particularly in high-technology areas. New technology is crucial to our competitive position. Many of

our manufacturers are interested and willing to innovate, but they need information and technical assistance, which we provide.

Many of the ideas and recommendations for promoting industrial growth are generated by our industrial policy and analysis branch after consultation with the private sector and other elements of our ministry and other ministries. The policy branch monitors the immediate economic environment, develops recommendations on short-term industrial policy and advises me and the ministry on ways we can carry out advocacy on behalf of Ontario businesses in areas beyond our direct control.

In addition, the policy branch is involved in analysing and developing sector-specific policies for this ministry and the government. It has assumed the responsibility for the government of assessing the recommendations of the federal auto task force and is developing the Ontario position on this crucial industry. Other sector-specific issues it deals with include the question of generic licensing in the pharmaceutical industry, feedstock pricing in the petrochemical industry, the use of cans in the beverage industry and the development of a helicopter manufacturing industry in the province. I referred to that yesterday with some success.

I referred earlier to the role of the industry division in helping Ontario's businesses become internationally competitive, thereby replacing imports and increasing exports.

Turning now to trade, I think everyone here today appreciates the critical importance of exports to our economy. In 1982, our exports amounted to \$36.8 billion. That is at least 43 per cent of the Canadian total. Some 840,000 jobs, or one fifth of our work force, depend on export-related activities. In the past decade, Ontario has increased its exports by more than 300 per cent. However, our share of world trade has declined with the rise of the newly industrialized countries, particularly those of the Pacific Rim.

In my view, export expansion is one of the surest and fastest ways to generate more jobs here in Ontario. Our domestic market is very small, but opportunities in the world at large are virtually unlimited. Our goal is to increase Ontario's exports to \$60 billion by the end of 1987. Achieving this objective should create at least 150,000 additional jobs in the province.

The trade policy I announced this past September establishes a five-point strategy for reaching this \$60 billion target.

First, building a consensus for Ontario export expansion. We have asked for and received the

full support and co-operation of Ontario's private sector.

Second, creating the right environment for export activity. This means not only identifying potential markets and setting up deals but also ensuring there are no serious impediments to exporting. We are working closely with the federal government in this regard.

Third, consolidating our position in core markets. Ontario sends about 78 per cent of its export goods to the United States, and this is a base we must not allow to weaken.

Fourth, improving our export performance in those regions of the world where there is rapid economic development, most notably the Middle East and the Asian Pacific Rim. The United States on its own will not provide us with the growth we need.

Fifth, increasing the range of exports by involving more firms in selling abroad. There are 14,500 manufacturing firms in Ontario, but only one in five engages directly in exporting. Our strategy therefore highlights the expansion of our export base by encouraging more manufacturers to enter foreign markets. Specific opportunities have already been identified.

9:50 a.m.

Building on this strategy, we have launched three new initiatives to expand exports. First, an export success fund has been established to help companies which have never before exported or wish to export to new markets. A second new initiative is to set up an export consulting group within our trade development branch. These specialists will help Ontario companies to develop export strategies and overcome some of the knowledge barriers to selling abroad. Prospective exporters will be identified by my ministry's field offices.

Our third new initiative is to consolidate our position in the US market. At the present time we are opening three new offices devoted to trade development and attracting new investment. These offices are located in Boston, San Francisco and Philadelphia. We have also expanded our presence in New York with the appointment of Jake Dunlap as our first agent general to the United States. As you all know, he has a great sense of humour. He was asked, the other day, to define what an agent general is. He said: "An agent general is a man who, having failed to be voted into public office, is appointed by his government to a position provided he leaves the country."

These three initiatives will produce some immediate gains, thanks in large part to the

fact that in our trade division we have a firm base to work from. We have a network of 14 international offices. Besides the three new ones which I mentioned, five of the others are located in the United States, four are in Europe and two in Asia.

My ministry also sponsors visits to Ontario of qualified foreign business people interested in purchasing Ontario-made products.

Another integral part of our trade activities is the service provided by the Ontario International Corp., a nonprofit crown agency set up in 1980 to help Ontario public and private sector clients tap the \$110-billion-a-year world market for capital projects. The OIC also markets Ontario government services abroad.

In 1982-83, OIC directly influenced fee and product income of \$27.5 million for its clients—more than double its target for the year. It has 116 active projects listed, with a gross potential value of more than \$8.5 billion.

A crucial role in trade planning is played by our trade policy and analysis branch, which evaluates international trade and investment patterns and advises on issues of relevance to the Ontario business community. It also serves as the focal point for federal and provincial liaison on trade policy.

Of course, our industries can only prosper and export successfully if they are efficient and highly productive, which brings me to the topic of new technology. New technology is an indispensable key to improving our competitive position in world markets and to provide new job opportunities for our increasingly well-educated work force.

Many people seem to believe that high technology is a sector unto itself, an industry profoundly different from traditional manufacturing or the service sector or agriculture. Such is not the case. Every sphere of human endeavour can, potentially, be enhanced by new and advanced technology. Technological development will generate new forms of economic activity. But in the main, it means applying the benefits of science to the industries we already have in order to make them safer, more efficient and more competitive.

My ministry's role in promoting technology is twofold: first, to provide the information and expertise businesses need to adopt new technology; and second, to stimulate investment in new product development. We are succeeding in both these directions.

Within the past year, our government opened six tech centres and I am pleased to say the

initial response to them has been excellent. Despite the short time they have been functioning, they are already making an important contribution to the application of new technology to secondary manufacturing in Ontario. Furthermore, they are all now revenue-earning and to date this year have signed 63 contracts, with 126 proposals under serious consideration.

These technology centres are not research institutes. They are centres for the transfer of technology. Their main areas of emphasis are: to raise the level of awareness as to the potential for new technology; to provide practical assistance to secondary manufacturers in identifying opportunities for technological applications and how to implement them; to provide a focus for ensuring that appropriate training takes place; and to be an up-to-date source of information on the usage of new technologies and their availability around the world.

The six centres we have established relate to the main areas of opportunity as we see them: microelectronics; robotics; CAD/CAM; automotive parts; farm machinery and food processing; and resource machinery.

In addition to our technology centres activities, we also need to encourage investment in new product development. To that end, we have established the Innovation Development for Employment Advancement Corp. which has been allocated \$107 million for investment over the next five years in technological innovation.

In the last year, IDEA Corp. completed its planning process, received its funding approval and moved into full operation. Seven venture capital funds have been established to invest in new technologies at the earliest stages right through to commercialization.

To date, IDEA has completed a major syndication agreement with private investors under which commitments have been made to three high-technology companies. In addition, IDEA has made direct financial commitments to several university-based research projects and several technologically oriented companies. All of these investments promote the development of new technology in Ontario.

Although there is nothing in the notes on it, the Ontario Research Foundation is an important adjunct to the research activities of the government and is more mission-oriented research as opposed to technology transfer oriented or, as IDEA is, venture capital oriented. Those are the key differences. As you know, we have just appointed a new president to that organization

and we believe you will see its activities become more visible.

This review of the ways in which we are trying to stimulate economic growth would not be complete without mention of the development corporations: the Ontario Development Corp., the Northern Ontario Development Corp. and the Eastern Ontario Development Corp.

These corporations represent our most direct intervention into the economy. Through them we stimulate industrial growth, regional development and job creation by providing high-risk financial assistance to help small businesses realize their potential.

As of the end of March this year, the development corporations had loan agreements with close to 2,500 Ontario companies involving more than \$250 million. In the most recent fiscal year we provided financial assistance to more than 500 Ontario companies totalling \$94 million in term loans, export support loans and loan guarantees.

The main emphasis has been on small business because it is small business that is generating the jobs. Our research indicates that a lack of access to adequate financing is still the most important inhibitor of small business growth.

Three segments of the small business community are receiving special attention from the development corporations. First, very small, very young businesses, including startups, that are short on funds and high on growth potential. Second, new exporters: the development corporations help small, new exporting firms to finance their receivables until their bankers are willing to take on the added risks. We have been instrumental in helping many small businesses get started in exporting. Third, tourism: the development corporations have helped that industry to upgrade facilities, making them more attractive to visitors from all parts of the world.

In conclusion, I would like to say that ours is a small ministry, with a small budget and a very large mandate; but we are doing the job. We are doing the job and I believe we are doing it well.

10 a.m.

The key to success is to work with the market and with private enterprise to form partnerships, provide information and encourage the initiative of the profit-making sector of our economy. That is, to help generate a momentum for industrial growth that will ensure more and permanent jobs.

Our priorities are clearly established. We are assisting industrial development by encourag-

ing new ventures, stimulating investment and new technologies, and supporting expansion plans and new products. We have particularly targeted small businesses and we are helping them with a broad range of programs.

In addition, we are pursuing an aggressive program of trade expansion, searching for new products, encouraging more companies to sell outside Canada, supporting product redesign, technical assistance, product mandating and other similar activities.

We are also looking at the possible need for industrial restructuring on a larger scale, perhaps using government funds to anchor significant new private investments in crucial sectors such as the automotive industry.

I initiated such a program for Ontario's pulp and paper industry more than five years ago. I am now looking at how similar initiatives might be taken with other key sectors where capital renewal may be needed to preserve jobs and enhance our competitive position.

Ontario remains a prosperous province and a place of significant economic opportunity for its citizens. I am optimistic about the future. I believe in the inherent strength and capacities of our people and our underpinning of natural resources and human resourcefulness.

Mr. Sweeney: Mr. Chairman, first of all, I noted that in both the opening and closing of the minister's statement he made reference to the optimism he has for the province of Ontario. As a matter of fact, if I recall correctly, his opening statement had something about there being two kinds of people viewing this issue: the pessimists and the optimists.

I do not think there is anyone in this room who would disagree that the potential for Ontario is great and that there is no good reason why we should not be optimistic. At the same time, the minister will well recognize, remembering what we have been through over the last two or three years, that the opportunities for throwing away that potential, for misusing it, or for not taking advantage of it, are great indeed. I want to deal with that perhaps more so than anything else in my initial, and by agreement fairly brief, comments today.

I think that is the issue at stake. The task, the job if you will, of the Ministry of Industry and Trade is to see to it that the potential that is there is developed to the greatest possible extent and that our people benefit from the opportunities that are made available to them.

Listening very carefully to your statement, you bring to our attention a wide range of

programs this government is involved in and a wide range of opportunities which you present to the industrial community of Ontario.

Yet the question lingers in our mind, as it has in the past, whether there is some kind of overall policy or overall plan. Is there an industrial strategy of some kind which is clearly recognizable, which can be clearly stated and which shows how all the pieces hang together?

That is something the minister did not clearly define for me. I would hope that in response to my comments, and later on as we go through the various votes, he may be able to bring that point up.

I raise that because there seems to be a roaring debate around the world right now with respect to the ability of governments to really control the economic and industrial destinies of their jurisdictions.

I am sure you are well aware that fairly recently Ed Lumley, the federal Minister of Industry, Trade and Commerce, your equivalent at the federal level, has as much as admitted they do not think the federal government can do it. They did indicate a number of things they wanted to do, but they said pretty clearly—I have an exact quote, and I will refer to it—

Hon. F. S. Miller: It is leaving me with the terrible temptation to become political.

Mr. Sweeney: No, I think the minister will detect from my comments that is not the direction of them at all. If he chooses to turn them in some other way, that is his prerogative.

The only point I want to make is that there does not seem to be, no matter where you look, and I have done a considerable amount of reading over the last two or three months—as a matter of fact, I had a little bit of time to do some reading a few months ago—and this is one of the issues I spent a lot of time on to try to find out whether there was the so-called magic place somewhere that had the answer.

Of course, the reference is often made to Japan and the way in which their government controls their industry and the extent to which they do, but you have been there and you know there are limits even on that.

There is a very strong debate in the United States today between the two major political parties, and that again is not intended to be a political statement, as to whether or not their government should be more involved in planning or in overall industrial policy. I have a strong suspicion from the reading I have been doing lately that this may very well be the major issue in the next presidential election in the

United States. The lines seem to be drawn very clearly between the current office holder and two or three of the contenders on the other side.

Walter Mondale, in particular, seems to have accepted the advice of Robert Reich from the Kennedy School of Government at Harvard that the United States has to get into some kind of an industrial policy.

There is very strong pressure from the major unions in the United States and, to a lesser extent but nevertheless to an extent, here in Canada as well that government has to get involved in some kind of an industrial strategy.

Therefore, the question remains, do we have one here in Ontario? Are we playing a game of catch as catch can? Are we doing things from time to time that seem the appropriate thing to do, whether or not there is a long-range plan to it, or does the whole thing hang together? That is the point I would like the minister to comment on a little bit more forcefully than he did in his own statement.

For example, if we look at just two things that have been done in this province recently, it gives us pause to wonder. The minister himself mentions and refers in his statement to the tech centres. My information is that you have allocated approximately \$100 million to those tech centres over the next five-year period, give or take a few million—you can correct me on the final figure but it is in that ball-park range anyway. That is, of course, the so-called new thrust.

Yet at the same time you allocated \$75 million to Massey-Ferguson and we all know what is happening there. Just let me put it in perspective. People look at those figures. They ask: "Where are the priorities of the province? Exactly where is it heading?" To what extent is it prepared, to again use the popular language, to prop up the old industries as opposed to moving aggressively and forcefully ahead into the new ones?

Looking at those two figures alone it is difficult to know. The minister might very well say, "We are prepared to do both." To what extent? Are there priorities? Is Massey-Ferguson solely an exception? Is it something that happens once in a while and you have to deal with it but really is not part of an overall policy at all?

The minister will be well aware of the fact that my prime concern—I have mentioned it a number of times and I suspect that is also true of many of my colleagues in all parties—is the effect it has upon employment in this province. It is not whether or not we have a strong

business sector or a strong industrial sector for its own sake, but rather what does it do to our people.

The minister will be well aware of the fact that the biggest question facing us is how do we deal with the more than a million unemployed in Ontario, including nearly 200,000 young people, during this transition period when we are trying to make a decision as to how we get to where we are going, given where we are now.

10:10 a.m.

The minister knows even better than I do that this transition period is going to be crucial. How do we deal with it? If we do not have a clear understanding of what our industrial plan or industrial policy is, I have grave fears that those very large numbers of unemployed people in our province are going to continue to suffer in ways that have been described so much better than I can describe them.

The minister is also aware that it is going to relate to the whole question of free trade versus protectionism in our society. I could refer most singularly to the auto pact study, the task force which is asking the governments of Ontario and Canada to involve themselves in a form of trade protectionism in terms of content legislation.

The minister will be well aware that, just as there is the roaring debate I referred to earlier about government hands off and government involvement, the whole question of an industrial policy, there is an equally strong debate going on with respect to free trade and protectionism. There are arguments that say that for every job we protect in one way we can lose three or four jobs in another segment of the economy if we take that kind of action. Has your ministry looked at those things? Is it aware of the tradeoffs on those things?

I do not believe the minister referred in his statement, anyway I did not hear him, to the current position on the entire auto task force statement. I know both the minister and the Premier (Mr. Davis) have made comments about it at one time or another, but I am not at this time fully aware where this government stands with respect to those proposals and how it intends to proceed with those proposals.

Once again, there seems to be some reluctance on the part of the federal government to move forcefully on some of the major proposals. It has moved on three or four of the less important ones. That is fine, that is movement; but it is obvious the major proposals of that task force study have not yet been acted on by either level of government. It is probably going to be

one of the most crucial decisions we will make in a long time as far as industrial development in this province is concerned. It will highlight and focus in on the direction the government will take with other industries as well.

I remind the minister that at the present time across Canada, given the information he gave us in his report, we have an export surplus. This applies more to Ontario than to any other part of Canada. For 1982, my figures show \$16 billion.

The question we have to ask ourselves is, if we move to change the present situation, to what extent do we endanger those surpluses? To what extent is that surplus a blip? To what extent can we expect it to continue? If it does not continue at the same rate, then at what rate? All these have to be looked at very carefully before we make these other major decisions.

I noticed rather ironically, coincidentally or whatever you want, that the title of this ministry in Japan, and we often make reference to Japan, is the Ministry of International Trade and Industry. It is the reversal of ours, which clearly indicates—

Hon. F. S. Miller: They read from the bottom up.

Mr. Sweeney: Whatever; but the English translation notes that it is trade and industry, which shows a much higher focus on the trade aspect than the industrial aspect.

The minister is aware that Japan trades or exports approximately 12 to 13 per cent of its gross manufactured product, whereas we in Ontario and in Canada export something like 33 per cent. There is a distortion there as well. All right; I will just leave that. The minister is aware of my concerns and the kinds of questions I want to raise.

I would like to move on for a few minutes to the tech centres. The minister made frequent reference in his statement this morning to the tech centres, to the hope for them and to what has happened already.

I want to share with the minister the fact that I and a member of my staff did a fairly extensive cross-province survey, if you will, about your tech centres. What we did was to go through the library and some of the sources we had ourselves and we contacted a number of other people. We tried to isolate a number of industries in Ontario that would likely make use of the services of the tech centres. These are, to a large extent, industries we have never contacted before, so I assure the minister it is not a loaded deck.

Frequently, as we talked to one company, it would advise us to call two other places. So our survey was province-wide and it did not refer specifically to those industries that should have been interested in your tech centres. The responses we got were not all that flattering. One response was total unawareness even of the existence of the tech centres. That was fairly frequent.

I should not put it to the point that they had never even heard of them, but they did not know anything about them. They said, "Oh, yes, somewhere I heard about it or somewhere I read about it," but that was it. There was an almost total lack of knowledge or awareness of the tech centres themselves. That came across very frequently. Keep in mind we are contacting those companies we felt should be interested in the tech centres, that could use them. They were that size or in that state of development and in that kind of geographical proximity. Those were the kind of factors we took into consideration.

The second reaction was disinterest: "Oh, yes, we know they are there but they are not for us. We are not interested in them. They cannot do anything for us." That answer indicated that if they are aware of their existence they are obviously not aware of what they do and that there had been no contact in that case. They had not contacted us and we had not contacted them. That was the second most common response.

The third was: "They are not appropriate to our needs. They do not have the kind of information we need. They do not have the kind of consulting advice that is appropriate for us at this time." The fourth was, "We can't afford them." I do not know if the minister is aware of it, but some of your tech centres charge pretty pricey fees. The computer-aided design/computer-aided manufacturing centre in Cambridge, for example, charges up to \$600 a day for consulting fees.

We contacted a number of small machine shops in the Cambridge-Kitchener-Waterloo area simply because of the geographical location of CAD/CAM. We were told by a number of them: "We can't afford those costs. We are operating by the skin of our teeth right now. Our bottom line"—to quote the business expression—"is pretty tight already. We cannot afford up to \$600 a day for those guys to come in and see us." I think the minister better take a look at that.

I appreciate and have read comments from some of your staff at the CAD/CAM centre,

saying they believe it is their responsibility to operate "in a business way." I think the other expression that was used is "There are no freebies here." I can understand that, but I do not think you need to charge up to \$600 a day to establish that principle. I strongly suggest if there are companies out there that could use your services, that are aware of your services, that feel your services are appropriate—and I have indicated a number of them do not adhere to any of those criteria—but then say, "We can't afford them," then another look had better be taken.

The last comment we had questioned the knowledge, the ability if you will, of some of the staff people you have. We heard on a number of occasions that the people on your staff have never run a business or have never started a business or have not been on a plant floor recently, that type of feedback. Some of this information may be incorrect, but the fact remains, as you are enough of a politician to realize, if that is the perception people have out there it is obviously not the perception you want them to have, correct or incorrect. There is something drastically wrong with the kind of message that is going out. The response we got a number of times was: "They are just a bunch of academics up there with all their high-faluting theories. They really do not know what it is like to operate on the plant floor."

10:20 a.m.

I suggest to the minister—and I am fully cognizant of the fact that the tech centres have only been in operation for a little over a year; as a matter of fact some of them perhaps not even a year—some of this feedback may not be fair, but that is the reality that is out there.

The whole purpose of our survey was to find out exactly what businesses do know about those centres, what their attitude is towards them, to what extent they are using them and to what extent services are being offered appropriate to their needs. I have a fairly lengthy file. When we deal with it in the individual votes I will make some more specific references to it.

I want to move on to the whole issue of trade because—perhaps it is coincidental and perhaps it is not—the thrust of your remarks are very similar to mine as far as the major headings are concerned. I note the minister makes reference to the fact we have five trade offices in the United States and are opening three more. There are four trade offices in Europe and two in the Pacific region. You are well aware of the consensus that both the United States and

Europe are what are referred to as mature markets. In other words, the chance we will get a great deal more in those two areas is not too great.

There is no doubt—and your predecessor, Mr. Walker, made the point very clearly—that the United States is such an important market that the one thing of which we have to be careful is not to lose what we have. I have no qualms about that at all; it is a legitimate perspective. Something in the order of 80 per cent of our trade is with the United States. That is a major market. No one will quibble with that at all or with the need to maintain that market.

Yet neither the United States nor Europe is likely where our future lies in the kind of expansion you are talking about, the doubling of our export expansion—as a matter of fact, almost tripling it to \$60 billion in something like a five-year period. Again, I talked to a number of businessmen and they are all shaking their heads saying, “Good luck, but we do not know how you are going to do it.”

Let us assume you can do it. Let us assume you have a strategy that is going to work. It is not likely it is going to happen in those mature markets of the United States and Europe. The markets of the future are clearly in the Pacific Rim. They are in Japan, Taiwan, South Korea, Singapore, Hong Kong—to a limited extent, maybe Hong Kong is the gateway to China—and Indonesia. That is where the growth is going to take place; that is where the potential is.

Could the minister tell me, if he shares in any way that perspective, why we have only two trade offices in that entire area? Why is it that we have five offices with three more being added in the United States, four in Europe and only two there?

The minister is well aware that the economies of South Korea, Taiwan, Hong Kong and Singapore are growing economies; that they are going to create and are creating already a great deal of competition for us in our domestic market. By the very fact they are growing economies, we also know they provide the potential for exports from Canada rather than just imports into Canada. If we are going to take advantage of it, we certainly must be doing an awful lot more than we are at the present time.

When we come to it, I want to spend a little more time on the Ontario Development Corp., with particular reference to the northern and eastern parts of Ontario. The minister may have been advised that I raised this issue last year as well and pointed out that our caucus was very

disappointed about what has happened in the Northern Ontario Development Corp. and in the Eastern Ontario Development Corp. The whole thrust the government had when those were set up seems to have been slipping. More and more of the attention of the government, and the loans and funds, are going to southwestern Ontario rather than to the north and the east. A question was raised on this in the Legislature by one of my colleagues a couple of weeks ago.

I want to refer to that more extensively when we come to the particular vote, but I want to draw one point to the minister's attention. One of his officials—and I am sorry I cannot remember his name—pointed out to me last year when I raised this issue that one of the factors you have to keep in mind is a rough balance between the percentage of the population in those areas and the percentage of funds that are directed to those areas.

We have done another survey this year to follow up on the one we did last year and we have discovered that for the EODC even that is not happening. This region contains 15.6 per cent of the Ontario population, and yet in 1982-83, the last year for which we have figures, the EODC granted only 14.6 per cent of the total to that particular area. Even by that criterion, which your own officials felt was an important one, you have fallen down. As I say, I want to spend a little more time on this later on when we deal with that topic.

I have already mentioned very briefly the auto task force. I want to deal with that more. I would appreciate it if the minister would indicate exactly where we are on it, where it fits in with this overall industrial plan, where it fits in with protectionism versus free trade, where it fits in with creating jobs and losing jobs. I want some feedback on that whole issue.

For the time being, I will leave my comments there. I think I have used my time.

Mr. Chairman: We will hear from Mr. Foulds. Then the minister will be able to respond to both critics, and perhaps there will be further questions after that.

Mr. Foulds: Mr. Chairman, I must say that as we head into the dying days of December and we are about to approve the budget of the Ministry of Industry and Trade, more than half of which has already been spent, I have some sense of the irony and the absurdity of the so-called responsible government democratic system. I think a playwright such as Ionesco

would have a lot of fun with the processes we are going through here today.

Mr. Chairman: The console operator appears to be having some problem with the speakers this morning. Are there certain ones who are—

Interjection: No, there is nothing that can be done about it.

Mr. Chairman: Okay.

Mr. Foulds: He means the loudspeaker is inanimate, not the speaker is adamant, I hope.

Mr. Chairman: Continue, Mr. Foulds.

Mr. Foulds: Probably both.

Hon. F. S. Miller: I have trouble when the speaker is animate.

Mr. Foulds: So do I, Frank.

The minister and I came into this Legislature at the same time, in 1971.

Hon. F. S. Miller: You have followed me ever since.

Mr. Foulds: I was reminded of that when he was quoted widely in the paper recently describing himself as a lonely little petunia in an onion patch. When he was first elected to the Legislature he probably would have considered his place the onion patch, which was the opposition side of the Legislature. The Big Blue Machine came right over to our left at that point.

Hon. F. S. Miller: It has probably warped my thinking ever since.

Mr. Foulds: I think that may be fundamental in some of the more right-wing attitudes you have at the present time.

10:30 a.m.

Let us briefly look at the Davis decade and at what has happened industrially and economically in this province since 1971, when the minister and I first came into the House. In April 1971 the speech from the throne, the first that the Davis government enunciated, contained this statement:

"The current unconscionable levels of unemployment which have been forced upon the Canadian people will be combatted with every means at the disposal of this provincial government. The budget will be presented on April 26. Its purpose will be to restore the inherent vitality of our economy."

What were "the current unconscionable levels of unemployment" that were forced on the Canadian people in April 1971? In our province it was 6.1 per cent, with the number of unemployed at 192,000. Even today the Minister of Industry and Trade in his opening statement

indicates the seasonally adjusted figure for unemployment in Ontario is 9.1 per cent, about 50 per cent higher than the unconscionable levels of unemployment in 1971.

I want for a few moments to deal philosophically with what I believe we should be doing in this province with our resources. First, we must build our human resources. We have to do that by giving people genuine career choices and opportunities and through retraining opportunities.

I would suggest the career opportunities should not be only in the areas that are now fashionable, either in the high-tech area or the export area. It surely has to be in some of the traditional job areas as well. One of the things I find disturbing about this ministry as I have surveyed it over the 15 years it has been in existence is its tendency to latch on to what appears to be a current single solution to our economic problems.

While the member for St. Andrew-St. Patrick (Mr. Grossman) was minister, for example, we heard a lot about global product mandating and import replacement. In fact, he was very successful at stealing the rhetoric of the member for Nickel Belt (Mr. Laughren), who was our Treasury critic. He would put it in a capitalist wrapping and say the same things. While the member for London South (Mr. Walker) was minister, the new solution to all our economic problems was investment and development of the high-technology centres.

Although the present minister's statement this morning indicated a bit more balance, as I have read his speeches over the last four months—particularly as he was leading up to and since his trip to the Pacific Rim—his emphasis is on export, export, export.

I would make a plea that we consider seriously that no single initiative, however current or faddish in economic terms or however trendy or fashionable, is going to be an overall solution to providing full employment. I consider the primary goal and objective of government, however it wants to develop it, is to aim for full employment. Whether it achieves it or not is important, but it is much more important to aim for that as its primary economic objective.

There is no purpose in having an economy unless people are leading productive and useful lives. For various reasons, in the Western world in the 1980s people still believe they only have productive and useful lives if they have a job.

The economy is not some abstract thing that people should be fitted into like a piece of

technology in a computer to serve the needs of the economy. The economy is, or should be, designed by society to serve the needs of people. The economy is only a method of distributing wealth. I would suggest the great recession of 1981-83 is a man-made recession and it is a recession that deliberately threw people on the unemployment rolls, and I suggest that was not a worthy objective of government.

I think one of the things we have to do more and more is genuinely look at a mixed economy, whether we are socialists or capitalists. I think we do ourselves a disservice in this province if we get ourselves tied to an ideological strait-jacket, and frankly there is more danger of that happening in this ministry and on the government side than there is traditionally on our side, even though we are often slighted with that.

I would like to see us support more community initiatives. I would like to see us try not to centralize our economy so much. I think we should try to regionalize it, to genuinely develop jobs at a regional and community level. That is difficult if we are to have economic planning, but we must have economic planning if we are going to survive the 1980s and into the 1990s.

Finally, I do not believe direct legislative or parliamentary intervention is necessarily a bad thing. Frankly, this government has traditionally been in support of state-owned enterprises; it has often endorsed and supported state-run enterprises.

The examples vary from almost a century ago—not quite, 80 years ago—with the creation of Ontario Hydro, through to recent acquisitions such as Suncor, Minaki Lodge, the Urban Transportation Development Corp., and UTDC's nationalization of the Can-Car plant in Thunder Bay.

You may not like the word "nationalization" when you take over 80 per cent of assets, but that is the word you would use if we did it. So when you do it, I am using that word.

I have no objections to government intervention. In fact, I applaud the direct government intervention to take over that plant, and to take it over under the terms and conditions that have been applied.

So let us not play games about ideology. What you have in this province, and what you have all three parties committed to, is a genuinely mixed economy.

I am saying that when direct government intervention is required, and there will be occasions when that is entirely justified, then let us do it. When the requirement is for encour-

agement and incentive for private capital, then let us do it; but let us do it so that our investment is protected and we get a return on the investment, that is the only thing I ask.

I think we have to take a look at this, although this may not be the ministry in which to do it. It is very difficult to talk in abstractions when you are talking about plant closings and layoffs. Traditionally, we have argued about that in terms of the Ministry of Labour. However, you have to look at that from the point of this ministry as well. I believe it is about time we began some actions to protect existing jobs.

I do not think it is out of the way to bring plant closing legislation in Ontario into line with European models. I do not believe it is out of the way to ask that plant closings be subjected to public scrutiny, with an open-book examination of the company's operations. I do not believe it is out of the way, in any shutdown, to allow workers to have the right of first refusal to purchase the operation. Government should support such initiatives with preferential financing terms.

What we have found, frankly, is that a number of the plants that have closed in Ontario have been, in the narrow sense of the word, either profitable or potentially profitable; it was only rationalization on the part of the international company involved that closed down the Ontario plant. The obvious example is SKF Canada Ltd., the ball bearing plant in Scarborough. However, if a plant closure is genuinely unavoidable, companies and government together should provide for and pay for retraining as well as encouraging and paying for early retirement.

10:40 a.m.

I would hate to see this ministry entirely abandon, as it appears to have done, its philosophy of a few years ago of aiming for import replacement as one method of creating jobs. Whether it is in auto parts, agricultural products, mining machinery or electronics, we have significant trade deficits. These deficits genuinely represent opportunities for jobs and industrial development. In many cases I believe there are areas where government must undertake public investment, and it must do it today if we are to create tomorrow's jobs.

Even in the minister's statement he made reference to the development of computer technology in the educational system. My understanding of that matter is there has been a good deal of controversy about it. The development of that system has been in competition with the private sector, and there have been many pri-

vate sector objections to it; it has been largely through the pushing of the Minister of Education (Miss Stephenson) that the project has been carried through.

I would like to ask the Treasurer to respond, as I understand it—

Hon. F. S. Miller: The Minister of Industry and Trade.

Mr. Foulds: I would like to ask the Minister of Industry and Trade, the man who was Treasurer, the man I wish was still Treasurer—

Hon. F. S. Miller: You did not say that when I had the job.

Mr. Foulds: As always with this government, one goes from bad to worse. You had the job for so long I am used to calling you the Treasurer.

Forty per cent of the manufacturing capacity of Ontario was not being used as of last spring. I would like an update from the ministry about whether that has improved and how that has improved. Has it improved with increased production or simply through the demolition of some manufacturing facilities?

In the spring of this year both the federal and provincial governments provided what I think is not a bad battery of incentives for research and development in Canada and in Ontario. In fact, the actual expenditure on research and development in Canada was lower than any other western developed nation except Ireland and Iceland. I would like to know whether that has improved.

I believe that governments, of whatever stripe in the world today, have to be prepared to work in co-operation with industry, with business, with labour and with small business, and we have to be able to do it in this province. It is only by developing that kind of co-operative sense of the future, a co-operative sense of ownership and a co-operative sense of our own strength that we can turn the economy around. It is no good to pit one segment of society against another.

One of the things that has bothered me about this government, although it pays lipservice to co-operation by its major economic initiatives in the past two years, last year's Bill 179 and this year's Bill 111, is that it continues to propose legislative means that are divisive and victimize one sector of society. That one sector may take it and there may not be anger and revolution in the streets, but by doing that you promote a sense of victimization, a growing unrest and a sense among state workers that somehow they are being treated unfairly. They have a psycho-

logical and emotional barrier to a co-operative sense of development. I cannot and do not blame them. If you single out one segment of society like that, you are bound to create divisiveness.

I am still disturbed that when we talk about economic recovery these days. We talk about it tentatively. We talk about it as being a fragile recovery. Everybody admits that. We do not see any really genuine job recovery.

You can use your figures to show how many jobs you have created, and I can use my figures to show how many more people come into the work place or the work market and fail to get jobs. I can show you the number of Canada-Ontario employment development program jobs that have expired and the number of unemployment insurance exhaustees who are coming on to the market. The fact is, so far we have merely had a profit recovery. We have not had an economic recovery and we certainly have not had a job recovery.

I go back to what I said at the beginning. What happened to the unconscionable level of unemployment in 1971 of 6.1 per cent? If 6.1 per cent was an unconscionable level of unemployment in 1971, surely it should be an unconscionable level of unemployment in 1983. Yet this ministry and this government seem satisfied with an unemployment rate of 9.1 per cent.

I want to itemize a number of things I would like to touch on when we get to the individual votes in the ministry's estimates.

I would like to deal with the question of improper placement and what the ministry's present commitment to that is. I would like to get more of an idea from the former Treasurer and the present Minister of Industry and Trade about what his sense of balance is between export markets, the development of jobs through creation of industries for export and the development of industries to provide a domestic market.

For example, in my party we have argued for a decade now that we could create something like 10,000 jobs in Ontario by the development of a mining machinery industry. I suspect, if we had the research available, we could probably do approximately the same thing by the development of machinery for the woods industry.

You mentioned the pulp and paper industry where you had some influence in effecting modernization some four or five years ago. I would not mind if you would give us an update as to how successful that is. One of the reasons for that is you indicated there are other areas

you would like to go into where you would provide public capital to encourage private capital. If you are going to do that, surely what you should do is have a genuine actuarial and economic audit of how successful the program was in the pulp and paper industry. That should be tabled and made public before we get into that kind of thing for other sectors.

That approach may prove to have been successful in all those areas. One area it was not successful in is job creation. It may have been successful in maintaining some jobs in those industries, but I know from anecdotal evidence that, for example, the mill at Kenora will lose about 200 to 250 workers because of the money going in there for modernization. It may mean the major industry of that town is saved, but it is that kind of genuine actuarial and economic audit that I think is necessary and required and that we should have before us.

10:50 a.m.

That leads me to the next point, which is accountability. One of the things that discourages people in our day and age is that they hear this and other governments preaching restraint and responsibility, and yet there are visible signs they themselves are not restrained. They are not restrained when the former minister lets his contracts without public tender, without going through the process of Management Board for contract personnel to set up the technology centres.

I think that was scandalous, and that is not a word I use lightly. I think it is important that we, whether we are elected officials or civil servants, behave with a sense of public responsibility in terms of procedures. If you like, it is the old cliché: honesty must appear to be done as well as be done. If you develop good, businesslike practices—as the Manual of Administration admittedly has from what I can see—then by golly you should follow them. One thing that gives government a very bad name is when it behaves in an irresponsible manner.

That is just a small example, but I believe it is a small example that has damaged enormously this ministry and its reputation, both amongst the public and the legislators.

I would like to deal, as my colleague from the Liberal Party would, in some detail with technology centres and their actual state of progress and their actual accomplishments when we get to that particular vote.

I might spend a minute or two, if I have that left to me, to talk about small business. Like the minister, I am particularly interested in and

fond of that area. I believe it is a major strength of our economy. I believe the development of more small business—particularly where I come from, in northern communities—will lead to a diversification of industry in small, one-industry towns. It would mean less and less dependency on major industries.

Take the case of Marathon, in the riding of my colleague Jack Stokes, the member for Lake Nipigon. That community was in a state of panic and fear when there was talk about closing down the mill when American Can Canada Inc. had it for sale. I do not use the words “panic and fear” lightly.

If the major reason for the existence of that town is an industry that we assumed was based on a renewable resource—as opposed to a mining resource, which we expect eventually to expire—and there is no other industry to take up the slack, you can imagine the vulnerability of not only the economy of that town but also the people of that town.

I would suggest that the more we can develop small businesses in communities like that the more we can use spinoff industries and the better it is for the health of the economy, not only of that town and those communities but also of the whole province.

It may not look spectacular if you have 10 or 15 new businesses, each employing 10 or 15 people, but in a population of 5,000, where your major plant—a pulp and paper mill—has 500 employees, 150 jobs balancing that is actually a major step in the right direction.

One of the things small business, by its very nature, does not have the ability to do is market research, either for its product domestically or for its product externally. I do not know whether this is going on in the ministry right now, but I would think that one of the major things the government could get into honestly is setting up a kind of consortium, a public and private enterprise to look at market research for small businesses and where their products could be sold.

In my area, the northwestern part of Ontario, it has always struck me there very well may be all kinds of markets in the mid United States, because we are close to the mid-US. Yet I have never seen a consistent effort made to explore those markets with a view to the kind of industry we could develop in northwestern Ontario to diversify our economy.

We should look at that kind of thing, because a small businessman cannot do that on his own. If he employs five or six people, or even 15 or 20,

he does not have the resources to do that except on a very hit-and-miss basis. I remember discussing this with John White when he was the minister responsible for industry and trade back in 1973 or 1974, and he thought the idea was worth exploring but I have heard nothing since; so I would certainly like to have a response to that.

Finally, I would say it is always dangerous to try to put all of our development eggs in one industrial basket. I think it is important that we continue a diversified economy for this province, that we have a mixture of state ownership, private ownership, small business and, frankly, some big business, whether it is privately owned or state owned; I do not think I will be run out of my party for saying that. I also think we have to look at markets other than the currently trendy markets in the Far East and the Middle East.

Let me speak anecdotally. One of my closest friends now teaches in one of the more remote provinces of China near the Tibetan border.

Hon. F. S. Miller: Does he need a helper?

Mr. Sweeney: How about a trade office near the Tibetan border?

Mr. Foulds: In his latest letter to me, and I wish I had had the foresight to bring it with me, he indicates that we in the western world should not be overly optimistic about penetrating that market. Because he teaches at what I suppose is a university, he has access to, in Chinese terms, a fairly rich living style. He has access to an automobile that is made in China; he has access to a colour television that is made in China.

He says it does not matter that his automobile looks like a 1949 Studebaker and guzzles gas. Fifteen years ago people talked about the shoddiness of Japanese products. The Chinese will develop products of their own and they have a market there for themselves. So we should not be overly optimistic about penetrating those markets with traditional goods, because I suspect that China, with no foreign debt for example, will develop its own markets.

In conclusion, let us not try to grab one brass ring as the key, as a miracle for our economic recovery. We have to continue to diversify, whether in the sectoral breakdown of the economy or in the regional breakdown of the economy.

Hon. F. S. Miller: Mr. Chairman, I usually find that the most useful parts of the estimates discussions are not necessarily those that relate to the votes and items but those that relate to the policies and philosophies of a ministry. They often flow from the opening comments and we

can quickly get lost in the morass of a purely partisan approach or whatever as we get into the detail.

However, I have always felt, and I think a few of you have been on a stage with me at times when I have said, even when I visit an opposition riding, that the quality of government really is proportional to the quality of the elected members individually, regardless of the party they represent, and that, indeed, a good government requires good people in all parties. I would qualify that by saying I believe it only as long as we are the government.

Given that, it is a fact that good government—

Mr. Sweeney: I read one of your recent speeches.

Hon. F. S. Miller: I do not have that in the preamble; I usually just wing that one.

I mean it quite sincerely. Indeed, after 12 years of sitting across the table, I have found in general that the people of the province are well served and I think that has been illustrated today by the thoughts that have been put into the comments by my two critics.

11 a.m.

Going down the list and looking at the things you have said in some kind of order, because I have been trying to make notes, I will start with the Liberal Party and I will go to Mr. Foulds's comments later.

I want to compliment Mr. Sweeney on a few things. First, he made the little aside during his comments that he had a chance to do some serious thinking lately. I have also shared that kind of opportunity. I compliment him on coming back. I know exactly what you went through and I also know the thought processes one goes through when one has this enforced holiday.

It is a time when you have to decide whether the ineane actions that we are all too often judged by on the scene of this particular theatre are really what we are here for. Of course, they are not. That is the conclusion you came to, I am sure, as you sat and pondered. They are indeed far more serious.

The fact that you have had one of these setbacks often allows one to come back with, I believe, a little better idea of why you are here. You are a little more able to ride some of the pressures that result from the place and to say that, for all its faults and warts, the process is still important. We have a part to play in it. I feel that way and I sense that you do too.

I now want to try, if I can sort out my own

notes—in looking at them an hour after you have made a comment, it is not always as easy to make them sound as cohesive as if I had responded right on the spot; however, I think continuity requires each critic to say what he thinks and then to let me try to rebut or comment upon it. “Rebut” is not really the proper word because in many cases I do not have serious problems with what you want to achieve. I may at times disagree on the emphasis or on the route.

I quite agree that the task of this ministry and this government is to develop the potential of the province. I cannot dispute that at all. You then asked, “Does that require, or is there, an overall strategy to develop that potential in the province?” This is where the word “strategy” can have quite a different meaning to three different political parties or, indeed, to individuals within political parties. How detailed should a strategy be? No strategy is policy and strategy.

In other words, if one goes right back to fundamental economics and says that the best strategy of all is the invisible hand, or whatever one wants to say, and that the government’s role is just not to be involved in any way in terms of the details of the process, then you can accept that as at least an accepted government strategy.

I am not proposing that. I am simply saying many people feel that governments which do not say, “This is the way we are going to do something,” do not have a strategy.

I would say, though, that neither am I the radical right-winger I perhaps was on my first day of election, nor have I turned into a rabid interventionist. I do sense that the mixed economy the New Democratic Party talks about is indeed in place. Therefore, government is expected to have some kind of involvement in the planning and the development of the economy.

I think you referred to the Japanese and their ability to create a structure or a strategy and to see their industries develop by it. They are probably the best living example of that happening, but it is also not as complete as we tend to think. For example, the Ministry of International Trade and Industry of Japan, which you were talking about, told Honda not to make automobiles. Honda did not like that advice. MITI also tried to bring about a certain major restructuring of the auto parts industry in Japan as it related to the major manufacturers, and failed. You can go down and look at a lot of failures.

I am not saying this is bad. There is simply an impression in North America that if MITI says,

“Do it,” it happens. I found it just a bit ironic this year when I talked to the deputy minister, or whatever title he may have, of MITI. I got a great lecture on free trade, on the need to have no barriers, on the lack of government intervention in the economy and how that is the way it should be because that is the way it works. I found that a wee bit hard to take and was perhaps a bit cynical when I suggested that if that was indeed the case I did not see much need for either he or I continuing on in our jobs because MITI is very strong and does play a big role.

Okay; the question is, where do we go from that? Do we have an economic strategy in the province? I would say, yes, we have had. It may not be interventionist enough but the Board of Industrial Leadership and Development, whether you liked it or not, was a development strategy. I suspect that in the next year we will see, through the United States election, a lot of talk about economic strategies and I expect they will spill over into Canada.

I think the strategy in Ontario will see some revisions and I have challenged my staff to do some thinking on that basis. I believe we make some reference to it on page 29. It is somewhere in the process of my speech. I made a little note, “page 29,” so I had better go back and look at it and see. It is the last page, “We are also looking at the possible need for industrial restructuring on a larger scale, perhaps using government funds to anchor significant,” etc., that kind of thing; so we are not ruling out a review of strategy.

I think they have to be fluid, they have to reflect our country and they have to reflect the current state of thinking in our country in terms of whether intervention is wanted or not. The purpose, then, of a government which espouses any form of political philosophy or ideology is to compare it against its own model.

I am an engineer, as some of you know. If one wants to compare the efficiency of an automobile engine one looks at the Carnot cycle, which is the ideal thermodynamic cycle for an automobile engine, and one will say, “This engine has a certain percentage of efficiency compared to the theoretical model.” I have a theoretical model. I am a Conservative. I do not expect you to believe my theoretical model is right. I certainly do not expect Mr. Foulds to believe it.

But people elect governments because of their philosophy. Given that, I believe we should try to emulate our model in so far as reality permits us to, so my Carnot cycle and

what I am doing on a day-to-day basis are not the same; but I am aware of that and I simply say: "That is my ideal. That is the way I want to go as to my direction."

I think you talked a bit about the tech centres and about the Massey-Ferguson investment. I think you made a comparison between the two of them. As the Treasurer of the day, when the bill for \$78 million was presented to me by the banks of Canada, I do not recall saying, "Oh, I wanted to buy those shares." I recall the fine print said that if the dividends were not paid we would pick them up. That was not a decision that Massey-Ferguson's priority was \$78 million and the tech centres' was \$100 million. It was a decision made in 1981 at a critical point, when I suspect an election campaign was on, to say, "If a Chrysler was saved by the US government, could Canada allow its biggest Canadian-owned company to founder?" I think Canadians said, "No, it could not."

Collectively as governments we decided we had to take that action. I do not regret it yet. To my utter amazement, the intervention in the United States by the government of the US with Chrysler has created a company that survived. I made all kinds of bets it would not. It has shattered my belief in lack of intervention.

Mr. Foulds: I had the same feeling you did and I believe in intervention.

Hon. F. S. Miller: I simply say it happened and it is going to set back theorists a long way in their appraisal of the role of governments in those cases and whether the weak should fail or not.

Mr. Samis: That says something about theorists.
11:10 a.m.

Hon. F. S. Miller: Absolutely, and I do not pretend to be one. It is too early for us to judge Massey-Ferguson. Today I think Massey-Ferguson has every bit as much of a chance to survive as Chrysler. I did not think so two years ago.

Mr. G. I. Miller: It depends on the farming industry.

Hon. F. S. Miller: That is exactly it, Chrysler has been saved by a number of things which Massey has already done. Those are the internal changes to become more efficient and, most important, by a rebound in the market. Massey has done the first, but has not had the second. That could, by the way, easily become a topic for trade discussion, because I think the survival of Massey may easily be tied to the ability of the US market to penetrate its agricultural products

into Japan and other countries, which we will not get into for a moment or two.

Mr. Sweeney: Let me remind you that the thrust of my remarks with respect to that was not to be critical—

Hon. F. S. Miller: Oh no.

Mr. Sweeney: --of either one, but to ask how are the two of them, seemingly contradictory, put under one umbrella?

Hon. F. S. Miller: I am only trying to give that perspective.

We talked about the need to plan and the need to deal with the transition and to be sure to note we knew where we were going in that transition. I think those were some of the comments you were making. Again, in principle, I accept the need to do the planning. We will do all we can, but I look at the world of 1980 compared to the world of 1870 and see how much planning has done for progress.

I think of Sir John A. Macdonald's promise to create a nation by putting a railroad across it. He built a railroad and sent the surveyors out two days ahead to find the best route. We luckily made a railroad and a country. If we had an Environmental Assessment Act and modern planners, we would still be wondering where the hell to put the tracks.

Mr. Sweeney: I read that book too.

Hon. F. S. Miller: There is a lot to be said about going ahead without being necessarily sure where you are going because you have to go ahead. You do all the planning you can, but do not be so consumed with the ability of planners to predict that you allow them to forestall intuitive, basic business decisions. I think that is a risk we face in a world that is becoming increasingly able to afford the planners in time and effort. They are important but they must not overrule basic business decisions.

We got into trade and trade protection and the auto task force in the next few moments of your comments. A group of manufacturers who came to see me last week said, "Hey, you're talking too much about trade these days." I think a couple of you have implied that in your opening remarks.

I find it a hard job to find the difference between the trade and the industry division in the sense of their objectives, but I think you pointed out that we export three times as much of our gross national product as the Japanese do. Both sectors are impossibly intertwined; you cannot export products without an efficient manufacturing sector. We will not have a manu-

facturing sector without a sizeable market that justifies efficient production; therefore, we have to emphasize both.

However, if I look at the success of Canadian businesses, particularly in Ontario where 75 per cent of Canada's manufactured exports originate, I would have to say a problem I face is that 3,000 are exporting and 11,500 are not exporting. So, job number one is to waken up some of the people and say, "Look fellows, there is a market out there."

Colin Vaughan was trying to tease me a bit one day when he said: "There is really no use trying to sell more products abroad, is there? After all, we make things that are too expensive and too poorly made."

I reject that categorically. Many things we make are neither better nor more expensive, but we can sell them. We accept that some things are better, some things are cheaper; some things are better and cheaper; and some things are not as good and worse.

The industry division has to deal with all those sectors. We have to make our companies make better products at lower costs to compete.

The trade division has to help make that possible by awakening our exporters or our manufacturers to the potential of having sizeable runs in export markets which will allow them to be more competitive both at home and abroad. It will allow them to get the cash flow which will permit the investments we will talk about later. So to me, the two of them fit so closely together that I cannot keep track of whose objectives are really my major ones; they are totally compatible.

The question, then, of trade protection and the auto task force comes up. The official policy of Ontario, enunciated in most speeches, is—and I am sure will continue to be—that we do not believe in trade barriers. That is self-serving, because obviously if 35 per cent of our gross provincial product goes out in trade, and that is about as high as anyone in the world, then it is in our interest to make sure our potential buyers have as few restrictions to our products as possible. Therefore, we have to espouse that policy and apply it at home.

I think we have done it both in the General Agreement on Tariffs and Trade negotiations and in the spirit of international trade as opposed to intra-Canada trade, where I think there are more problems than there are in the international markets. We are trying to do that.

Indeed, I think North Americans have been deluded in my lifetime by continuing to believe

we still dominate world trade. We are just sitting back in a comfortable pew, living off our capital, allowing other countries to invest in new techniques and assuming that because they had always had trade barriers because our products were cheaper and better, we should not have any, only to wake up to realize they had very skilfully played the game of entering our market and protecting their own.

I think we have a major challenge to make Canadians realize we are not against Japanese cars; we are for Canadian beef, we are for Canadian telecommunications, we are for a whole range of Canadian products which could enter that country. Okay; but given the realities of the nontariff barriers of many of our trading partners, probably most skilfully applied by Japan, then I say we have to fight fire with fire.

If we cannot convince the Japanese—and I am not sure we can—to invest in Canadian plants on the scale we believe is necessary, if we cannot convince them voluntarily to allow Northern Telecom or Telidon or whoever to sell products which we do well, then we have to use the techniques they have used in the same way to protect Canadian workers, because I think it is a language they understand.

So we come to the auto trade pact, and we would say, "We will use that as a tool to make sure we protect Canadian jobs while achieving what is our long-term objective of freer trade for our province." If you ask me what my trade policy is, that is what it would be. We will support Canadian content as the auto task force has said we should, and we will lobby Ottawa to do it. And I have been doing that.

I would also point out that when the trade ministers of Canada get together, as they did in early October, I come home—discouraged is a mild word for what I feel. The ability of our provinces to be jealous of one another far exceeds the common perception.

British Columbia automatically sees anything Ontario does in that area as obviously protecting central Canada and says so in such words as, "No wonder the Japanese do not like you when you have a chip like that on your shoulder." I do not recall myself having a chip on my shoulder, but those were the exact words that were used to me.

Mr. Foulds: In regard to what sector? The automobile sector?

11:20 a.m.

Hon. F. S. Miller: The automobile sector, yes.

And yet where is the first Canadian plant that Toyota is building? It is in British Columbia.

That is what I said: "Look, fellows, when I was Treasurer, we did our analysis of where Japanese investment was most likely to occur in the auto industry and it happened to be in British Columbia. We are fighting for Canadian jobs, knowing that in total we get our share of Canadian jobs. Do not be so shortsighted as to believe that because a great part of the auto industry is here, it is not in your interest to see our objectives achieved."

Second, the great issue that is always brought up is Canada's positive balance of trade with Japan, one of the few in the world. They will say, "That is why you have to buy it."

The jobs are not with the stuff we are exporting, the raw materials. They are shipping them back to us in a finished form with high labour content and high skill content.

The Japanese need the products they are buying in BC. They are not buying them because they like us, they are buying them because they are good products at a reasonable price. Sure, right now in soft commodities markets there are pressures to go elsewhere, but we are winning those sales on merit, not on emotion. We have to be quite prepared to support the auto task force central theme.

As to tech centres, I thought your survey of the potential users was wrong. I am going to look at it from a totally different point of view. You say they are unaware of the system; they have no interest in it; it is not appropriate to their needs; they cannot afford it; they question the ability of the staff.

Interjection.

Hon. F. S. Miller: Right; the sad thing is those are the guys who need it.

When I ran a tourist business, which I was in—I still am in the family—for 25 years, I was president of the tourist association. Each year I would come out and say: "Look, we will use Georgian College and we will have a whole series of courses across the winter. We will teach you how to make your folder, run your bar and control the costs of your foods. We will have little seminars a day at a time."

Ten people came out of 100, and 90 stayed home. The 90 who stayed home were all barely surviving. The 10 who came out had successful, bright, growing businesses. They listened, they applied. The other 90 said: "Who knows more about my business than I do? Don't try to tell me how to run it." As a young engineer in a factory, the boss was always saying to me:

"Look, I know you learned all about statistical quality control down in Rochester, but our machines are different. Our guys have a better sense of how to run these machines. Don't use those new techniques in our factory." Luckily, his boss had in his office a picture, which after 35 years I still remember, of a horse and buggy. The title was, "Why change?"

Our major task is a result of your survey. We will have faults and we must make sure our tech centres are not staffed with airy-fairies; they are not. We must make sure the costs are affordable. They are affordable in terms of the benefits. Many a person who will not pay for the benefit at the same time tells me government should not run on a deficit.

It is a lot cheaper to pay for a day of consulting than to hire an engineer who, by his very nature, will be limited in his personal knowledge of your specifics and contacts. The purpose of a tech centre—believe me, I speak with feeling on this—is to have a brokerage house for a lot of knowledge for people who cannot afford a lot of specialists—it is as simple as that—to help them sort out the intricacies of the technical world and keep up to date. Running will not keep us up to date today; however, we have to do our best.

One of the biggest problems, as you know, is keeping up with information at any level; be it university, or particularly on the shop floor where the engineer is, most days, worried about whether he will get parts on time or whether he can cut the cost down a bit. He is not thinking about what is happening in technology. Having gone through that process, having lived in that world for a while, I feel these centres have a very real chance of achieving those objectives. We will always be open to fair criticism.

My attitude is we should never try to say that because it was designed in a certain way it must work. That again is the engineer in me. I never saw anything I designed work right the first time. It simply did not. It may have worked 90 per cent of how I thought it should work, or 80 per cent, and some days it would not even start.

What do you do once you have made your design? You amend it. That is what I hope we will do with the tech centres. We will keep on trying to serve a need through response to legitimate criticism in that area.

You then went on to trade offices. You questioned and passed on the perception that it would be pretty hard to meet that \$60-billion objective. You wondered if we had a strategy to do so.

We have a strategy as specific as any you could have. It names the number of companies that must export per year as new companies, the numbers that should increase or find new markets in the world and the year-by-year targets.

Indeed, we just had to raise our objective as a percentage of world trade because we have already reached the one we set. We notched it up from 1.6 to 1.7 and said, "Let us go for a bigger number because we are doing better than we thought." We are on target with the dollars. I could show the graph to indicate where we are and where we are going.

Mr. Foulds: Where does that come under, what section?

Hon. F. S. Miller: I would have to go back. I will ask my assistant deputy minister to tell you exactly where we have it. One thing I have learned about being a minister of a new ministry, each time I come to the first estimates I learn a lot about my ministry.

You say the Pacific Rim has the largest potential and asked why do we only have two offices. It has, if not the biggest potential the second biggest potential. You are right; 0.6 per cent of all of Ontario's trade goes to Japan. One per cent of our manufactured goods goes to Japan. Two per cent of our manufactured goods go to Australia and New Zealand.

Compare the size of those relative markets. Look at the percentages that go into China. If you can find it, even with my ability with zeros, you would have some difficulty finding what percentage it is. The size of the population though is so immense there must be good market potential, so one must be working on it.

Indonesia, which I visited on this last trip, is an interesting case in point. Indonesia is a good market, I would think, for almost all the traditional consumer products that Canada makes and many of the capital goods and products. It is the biggest single recipient of Canadian International Development Agency funding in the world. It is getting \$75 million or something over the next while—I am not sure of my figures there.

It is a market where the biggest problem is how can they pay you for the goods they want to buy. So you get into counter trade.

Mr. Foulds: Barter.

Hon. F. S. Miller: Barter, but it is sophisticated barter in that there are a whole set of variations, like the Goldberg Variations, if you recall those, by Glenn Gould. You see, engineers do listen to music.

Mr. Foulds: Except you lose your train of thought when you mention it.

Hon. F. S. Miller: I get derailed pretty easily.

We have two offices which are probably the hardest-working offices—I had better be careful or I will have a bunch of others insulted. They are strongly stressed by demand.

Mr. Sweeney: Wing that one by me again.

Mr. Foulds: I am leaving.

Hon. F. S. Miller: Pass the vote.

They are very, very busy. Indeed, the Hong Kong office is just going crazy because of specific conditions in the Hong Kong area. We are trying to take some steps to help that. We have to work that area.

Indonesia is the kind of market where we have to be prepared to get in when they need us so they will be there when they do not need us, if you follow my thinking. In Japan, we have the opposite kind of problem. They are a very mature market, export oriented, highly sophisticated, highly protectionist; so they are saying, "You have to fight your way in."

In a country like Indonesia they are saying: "Please make some investments in our country because we need industry. Please sell us some of your technology. Please enter into some joint ventures with us. Please train some of our people. Please take some of our products as payment for your goods on government jobs."

I would say there is a vested interest in trying to do all those things if we want to have access to 160 million people—six times the number here.

11:30 a.m.

Bata Industries Ltd. is in that country. I mentioned that the other day in a little speech. I went through their factory and saw them turning out shoes for \$3.69 a pair, which is rather surprising. That is still three days' pay, and I think that has to be put into perspective. Yet somebody in the Bata company said, "There are 300 million feet in this country and 150 million shoes," and that is a very good way of pointing out the tremendous consumer market potential in that country.

Everybody there needs something you are making; the question is how you help them to afford to buy it. It is not an underdeveloped nation by today's standards. It was moved by the United Nations into a new category because its average annual income touched \$500 US, or some such figure, this year. It is coming, and that is why we have to work with those markets.

However, let us not lose track of the relative

domination of the US market. This is where you have this big problem. If 78 per cent of your exports are going to the States and you have 10 per cent, I think, of the US import market, a very small fractional change in the US market in dollars and jobs is an awful lot more than the immediate gain in those other markets.

So we have to do both. We have to develop the immediate big markets, because that is where the really fast changes in dollars are, and we have to do missionary work in other markets with great potential.

Sure, the Saudi Arabian market, I guess, is the fastest-growing market as a percentage, but in dollars it is not. You keep cultivating it, but you must not forget where your dollars are; it is a very difficult balancing act.

Your last comment was about the Eastern Ontario Development Corp., the development corporations. You were commenting about how 14.6 per cent of the money went to the area but there were 15 point something of the people in the area.

I guess I could use that arithmetic in Muskoka or almost anywhere but the major centres. The major investments, whether I like it or not, have been occurring in the Metropolitan Toronto area. That happens to be because this is where most industries want to come.

I think you can take statistics all around the province and show that investment in industry in those areas does not equal their share of the population. The very reason we have an Eastern Ontario Development Corp. and a Northern Ontario Development Corp. though is to try to take higher risks in those areas than we would normally accord to the areas where growth is easier to achieve.

I go to Hong Kong, which right now probably has more people looking for a place to invest than any other country in the world I can think of, to try to convince them to come to Ontario. That is my first job. They say: "Ah, yes. We would like to come to Toronto." I say, "Well, Muskoka is nice."

Mr. Sweeney: Brampton is second.

Hon. F. S. Miller: I try to talk about the other parts of the province, but they say: "No, we know about Toronto. We know that our people will be in a cultural atmosphere where their children can go to school in whatever language and they will be able to integrate into a society." I have begun to realize just how much that means.

In Japan it is the same thing. The one

company with which I had some modest success in convincing them to come here, which has now got to the point of taking an option on land—or the purchase of it; I am not sure at what stage it is—wanted to be in rural Ontario.

Now, that is kind of nice. Instead of saying, "I want to be in the city," this man had an aesthetic objective such that his employees must be in an outside location where they could see water and trees, and certainly he applies that in Japan.

I said, "There are a lot of places in Ontario where we can deliver that."

He said: "Fine. I will set another criterion: it must be within one hour of Toronto."

I asked, out of sheer curiosity, "Why within one hour of Toronto?"

He said, "Because I will have four engineers sent from here," and 35 or whatever number of Canadian employees he would hire, "and those engineers will need to live in a Japanese-speaking environment for their families' sake for a while, and they are able to maintain cultural links in Toronto." Interesting.

I sense, for example, having talked to the chairman of another municipality just yesterday—it was Hamilton—that they also can provide those things. One of our jobs is to make people understand there are cities in this province that provide cultural backup.

I think I have gone through your comments, and I have taken a lot of time on them. Mr. Foulds started out by reviewing the Davis decade. I would say a lot of us would like to stand up and review that decade with you and show you what an outstanding decade it has been.

Mr. Foulds: Not in employment terms.

Hon. F. S. Miller: Let me talk about that, because that is the very first point you made, that I must fight unconscionable unemployment. That was the quotation you gave us. Then you quoted the figures 6.1 per cent and 192,000 unemployed.

If the arithmetic was right, 6.1 per cent and 192,000 unemployed, that is one sixteenth, say one seventeenth. Multiply 192,000 by 17 and you will find we had about 3.1 to 3.2 million people at work then. I do not know the exact figure, but will you accept that as being fair? We now have 9.1 per cent unemployed on an adjusted basis and about 8.4 per cent on an unadjusted basis, but 4.2 million are employed.

That is the point I was trying to make. When we talk about two and a half or three per cent in Japan, please tell me what percentage of the

total population is in the work force. Look at Ontario and see what percentage of the population is in the work force. I am not trying to get rid of the problem. I am simply saying the penchant for picking figures and saying, because they have a lower percentage they must be better, does not necessarily reflect the way the society works.

We have had the fastest-growing youth sector and the fastest-growing work force of any of the developing nations. Yet on a comparative basis we have done better than Germany. We could not export our workers, which some countries did in Europe, back to their homes to put them conveniently on somebody else's unemployment rolls.

I would argue that, in the face of a world recession and a set of growth problems, the growth of employment in this province from three million to more than four million in a decade is still commendable.

I still believe we have to cut that unemployment figure. I do not know how quickly we will get it down to whatever is a desirable level. I am not going to get into that fight. I remember Darcy McKeough having that one, one year, and I quickly learned not to use the term "secondary employees" or whatever was the technical jargon of the day to define other than males over 24.

I agree completely with you that retraining and career opportunities have to be provided. I believe that will be one of the challenges we face in the next decade, but we are tackling it pretty well—pretty well; I qualify that, I am not trying to say it is total.

You then went on to talk about the Ministry of Industry and Trade having single current solutions with differing ministers. Product mandating, which you chose as Mr. Grossman's, was the subject of my major talk yesterday, if you have seen it yet, to the German Canadian Club. It will be around at your desk, I would think, some time today.

Product mandating is not out of style. We still have product mandating as a major objective of government. My speech yesterday was exactly aimed at stressing that, because of the common sense of having a company in Ontario producing a product on a production line that is long enough to make it efficient.

I was talking to the chairman of the product mandate advisory committee, or whatever it is called, who I believe is with Xerox. He was saying exactly how they got into product man-

dating a while back. It was based upon government procurement policies in the beginning, a very limited self-interest, "If there is going to be a government procurement policy which rewards Canadian manufacturers"—as there should be and as there is—"then how do we make sure we are there? How do we make sure we manufacture?" They chose the product mandate route and they now think it is great. They made suggestions to me as to how to change our procurement policy to reward mandating.

The automobile industry in a funny little way went to product mandating, did it not? It allowed them to make all of the Topazes in Ontario and all of the—I forget the other brands.

11:40 a.m.

Mr. Sweeney: The Reliant.

Hon. F. S. Miller: Reliants, yes—in the United States; sure, but those are not the same companies. However, that is the kind of thing I am talking about. It has worked very well. Indeed, I think it is one of the successes.

I simply say there will be items that we emphasize. Exports are not my thing. The package is my objective. So do not assume that you have seen the Miller imprint in terms of exports during my time in office. Nor do I think that way. I do not think in terms of single solutions. I think of the overall package of solutions. So you and I would agree on that.

Mr. Foulds: What is your package?

Hon. F. S. Miller: Give me some time. I do not pretend to be an instant genius, just a relatively slow one.

Mr. Sweeney: You manage to get off track, though. It is a contradiction in terms.

Hon. F. S. Miller: You see, I am not bright enough to figure that out.

I would agree with you that you do not force people to fit into the laws of society. Indeed, I never thought of it that way. Of course, we have to provide opportunities for them to fit the jobs that are around, and we have to give them a degree of choice in that.

However, I think we have seen a great change in the attitudes of young students. They are becoming far more work-oriented in their educational goals than they were.

We went through a great deal in the 1970s and late 1960s, when education for the sake of education, which I know is the ideal, was dominant. A lot of young people became disenchanted with the educational system because

they were given all of that freedom of choice, which as you know often meant taking the easiest course in the book. They ended up saying, "I have a degree. I have spent a lot of time"—they did not think of the cost to anybody else—"but there is no job for me."

All of us have seen the bitterness this produced with young people who felt the education, although it was fun to get, must have a tangible reward at the end. Somebody made them think there would be. That was our fault.

However, we are now seeing a change back to more mission-oriented education. I look at the Japanese. They tell me they have 3.6 times as many engineers per thousand people as we have. It is showing up in their production successes.

You talk about mixed economy and I talk about mixed economy. You are philosophical and I would not be. My mixed economy is in place. We have a very good agricultural economy. We have a strong mining economy, a strong forestry economy and a strong manufacturing economy. Therefore, we are a mixed economy in Ontario in that sense. In the philosophical sense, I am afraid you are also right. We have a mixed economy.

I would love to think we could regionalize the economy by planning it. It is not easy to do, yet we have been attempting to do that for years. At a time when you are fighting to maintain position, it is very difficult to say to people, "Please go to a place where, perhaps, the arithmetic of the location is not as good as it would be somewhere else." This is one of the luxuries that is sometimes a function of a strong economy and not a weak economy. Given all of that, we are trying our best to do it.

Steering the ship is not all bad. I hope they will not drum me out of my party for saying that. Sure, one of the roles of an underdeveloped nation, as Canada still is, is for the state to take certain risks that are not necessarily immediately profitable in the private sector.

However, the return on the investment is not money. Any time the state purchases an investment, be it Suncor, Ontario Hydro, the Urban Transportation Development Corp. or whatever, I would like to think the time to sell the investment would be when it is making money.

The purpose, then, has to be jobs, or to provide services that are essential to people that otherwise would not be provided on a straight profit and loss basis.

How often has a rural member had a fight

with Bell Canada over supplying somebody at the end of a long road with a telephone? We have all had that. We do not have that fight half as often with Hydro, because Hydro is always seen as having a mandate. You do sometimes, but not half as often. That is all I am saying. This is because it has seen its role as doing those kinds of things.

However, let us not lose track of the system that works best. The system that works best in my mind is not state ownership. "State ownership when necessary, but not necessarily state ownership," just to coin a phrase.

Mr. Foulds: William Lyon Mackenzie King.

Hon. F. S. Miller: Circa 1943.

Protecting existing jobs has to be one of our major objectives, and here I am going to skip ahead into your last comments when you got into Marathon and Kenora. I was in Espanola last Friday, and if I am proud of any of the things I have done the pulp and paper program would be one. Yet you could cut me apart and say there are fewer people at work in the pulp and paper industry than there were before the program.

You remember me being criticized and people asking, "Why are you giving the pulp and paper companies money when they are making money?" That was a good year when we did it, if you recall, with good profits. My answer was, "Because they will only invest in a good year, but they will not survive the next downturn in the cycle if we don't do it now." I think that is one of the times I have turned out to be right.

Going to Espanola at the request of that community last week was a celebration, not because there are fewer jobs there—indeed, they have dropped from 4.2 man-hours per ton of pulp down to 2.7—but because the whole community is proud of a new facility that is protecting the basic economy of that community. They knew, as Iroquois Falls did, as Marathon did, as Kenora did and as Dryden did, if that investment had not been made they would have been out of work totally. I think we can be very proud of what happened in those areas. We had to bring outdated, old mills up to date. That was a 1909 mill in Marathon.

Mr. Foulds: You are thinking of Dryden.

Hon. F. S. Miller: Not Marathon; Espanola. In fact, I did not realize it had been a prisoner of war camp during the war. They took me with pride to a wall they will not remove on which the prisoners of war drew a map of the world. Just a bit of trivia, but it is fascinating to see it.

Lose jobs? I do not think losing jobs is a product of the improvements. I see them as the fundamental way to create jobs. Every time you cut the cost of a product, you increase the saleability of the product, you increase the disposable value of income and you allow people to go out and buy other things in addition to that product, which in turn creates jobs. If that were not so, why did North America create jobs so fast over the 100 years from the 1880s to now? We were in the place in the world where productivity improvements were best applied, where jobs were cut every time that happened but the sum total of all jobs went up. I think that is the issue.

You touched briefly on research and development, which is improving. I cannot give you the statistics off the top of my head. We have a long way to go. Canadians, because of their branch plant economy, have not made those investments. An interesting part of yesterday's deal with Messerschmitt-Blkow-Blohm GmbH on the helicopters was that after they pay back the capital the two governments advanced them, the royalty continues on and must be used for research and development facilities. In other words, we do not want the cash; we want the equivalent in research and development.

I do not see us victimizing sectors of society. You got on to that a bit in your comments. You know what part of society I came from, the working side. The all-too-successful attempt to transpose to North America the British belief that there are two kinds of people and they should be dealt with that way scares the heck out of me.

Mr. Foulds: That is not what I am saying.

Hon. F. S. Miller: No; but I am saying that essentially I fundamentally believe in innate, intuitive fairness to the average worker in the average factory, and I think we have to bridge what is a perceptual gap between labour and management. If the Japanese have something to export to us that is valuable, it is the attitude that labour and management have a community of purpose.

Mr. Foulds: That has to apply to the public sector, and your government has not applied it to the public sector.

Hon. F. S. Miller: I do not want to get into that topic today, but I believe we have. I want to talk for a sector that is not here, because you brought it up; that is small business. My employees are underpaid in my business, terribly underpaid. Why do they stay with me? I don't

know. They can leave me if a job opens up at the hospital and get twice the rate for easier work than they do at a hotel. You can make a decision whether my rates are too high or not, but every time I raise them I could go out of business. The hospital does not have that disadvantage.

11:50 a.m.

I would argue that the people who work for small-town Ontario are the underprivileged people, not those who work for government and not those who work for unionized companies. The little guy on the main street has always underpaid and been underpaid, because he cannot survive if he pays competitive salaries. That is a sector we do not hear from much.

Funnily enough, they are the happiest workers around. That is the irony of the whole situation. Compare the rates of pay of the guys on the farms, the guys in the small-town stores, the shops; you know they are lower, a lot lower, with no protection and few benefits; no pension plans in the main. Yet that is a section of society, which is a very big chunk of the numbers, that no one seems to be representing.

I feel very strongly for them. I did not mean to get into that.

Mr. Foulds: That is a very valid observation, but I reject your Thornton Wilder view of life.

Hon. F. S. Miller: I would not even know what Thornton Wilder thought.

Mr. Foulds: Our Town.

Hon. F. S. Miller: Small business will always be one of the major thrusts of the ministry. You got into that. The tax holiday we have currently in place for small business is far more useful than it was first thought to be, even by small business. It touches on what I think is the critical Ontario industrial problem of the next four or five years, the ability of companies to generate equity and the question as to when government's share of profits should be levied.

In the last downturn of the economy, the equity base of Canadian-owned companies deteriorated badly as compared to multinationals. Many, particularly small ones, will not succeed or survive another downturn unless we take steps in an industrial or tax strategy to protect that base.

I do not have a policy on this. I am just talking out loud. I think we have to spend a lot of time sorting out the tax rules as currently applied to do two things: create equity, which is essential if we want Canadian ownership in investment; and enhance the ability or willingness of com-

panies to make incremental productivity improvements in their plants.

I have given this example often, but let me go back to the arithmetic of the average small improvement. I go back to my days as an engineer at Alcan. The average engineer in a big company spends most of his time in a very limited area trying to make that area marginally more productive.

I was working on hydrogen fluoride generation. I would find a way to increase the percentage yield from say, 81.1 to 81.4 per cent. You can quickly calculate what that means in spent product on an arithmetic basis and compare it to the cost of the investment. If the saving was 10 per cent of the investment in 1950 when I worked there, that would be a pretty good return because money cost five per cent. There would be a cause to make a tiny investment to make your factory more productive.

The truth is that is not how the company calculates it. They took 56 per cent tax off that, because that is their tax rate, and compared it. They got 4.4 per cent on a 10 per cent yield. I am only talking about the margin. If it was 30, 40 or 50 per cent, the issue was not there.

What I am arguing is that the tax process has been effectively working against productivity gain. This is something that we as legislators have to think about to recognize that we have a job to make it possible for the marginal investments to be made that make the tiny improvements in productivity which, totalled up, are the difference between survival and failure in many companies over a long period of time.

Mr. Haggerty: You could draw a parallel to the comments you made in Kingston the other day when you said you thought it was possible the province would be moving to an eight per cent sales tax. As you start taxing the general public in this area you are going to lose the confidence of the consumer, in a sense, who will say they are contributing too much in taxes already.

Hon. F. S. Miller: I am trying to think of where I said I thought it would move to eight per cent. Certainly I have been asked that question from the floor. I am not going to guess what the Treasurer of the day (Mr. Grossman) will do. I would argue, though, that if tax had to be raised, it is a heck of a lot fairer on sales tax than it is on corporation tax, may God not strike me down.

Mr. Foulds: May He?

Hon. F. S. Miller: No; in the interests of you and me and the worker. That is the point we

have to look at in an unemotional way, that was the gist of what I was talking about.

I do not mean the corporations should not pay tax, that is not my point today at all. The question is should they have the right to make investments which make them competitive before the tax is applied or after, that is the issue.

Mr. Haggerty: You have to take into consideration the depreciation allowance given to them every year.

Hon. F. S. Miller: Yes, but depreciation today is a losing thing. You invest at \$1, replace at \$5, you get \$1 back and you have lost \$4.

Mr. Haggerty: Going back to that parallel, you were talking about "sales tax hike coming soon." That is the expression marked there. I am sure that picture looks like you there, Frank. It is a good picture.

Hon. F. S. Miller: They have been putting my name under Gordon's picture and his name under my picture for the last two weeks.

Mr. Haggerty: The point I am trying to bring home to you is that when you removed the provincial sales tax on furniture and appliances, rugs, carpets, drapes and things such as that, there certainly was a swingaround in the economy. The industry seemed to pick up. It is an indication that if you start taxing the consumer again you are going to reverse the trend and cut consumer buying.

Hon. F. S. Miller: I will not get into a fight with you at all, except to say there is a 10 per cent sales tax in the eastern provinces and 12 per cent in Newfoundland.

Mr. Sweeney: Their economies are not all that good.

Mr. Haggerty: There is no sales tax in Alberta.

Hon. F. S. Miller: On a percentage basis, the deficit in Alberta is four times bigger than ours.

Mr. Haggerty: The municipalities are hard hit out there right now.

Hon. F. S. Miller: I am finished with my rebuttal to the opening comments and lunch is outside. Shall we bring lunch in, since we are working right through?

The Vice-Chairman: Are we working right through?

Hon. F. S. Miller: Yes.

Mr. Sweeney: Can we take about a two-minute break, with the clock running, to stretch our legs?

The Vice-Chairman: How do you plan to proceed? I have about six names on the list, I

presume on general comments. Shall we proceed that way and then go to the votes?

Mr. Sweeney: Now we move into the votes. The agreement was that we would have the opening statements plus the minister's rebuttal and then move right into the votes.

Mr. Kennedy: Mr. Chairman, my colleague and I want to make some general comments that are not related to the vote. There is nothing wrong with that?

The Vice-Chairman: We are taking a two-minute break and we will argue about that during the break.

The committee recessed at 11:57 p.m.

12:12 p.m.

On vote 2201, ministry administration program:

Mr. Chairman: We are dealing with vote 2201.

Mr. Kennedy: When do I get on?

Mr. Chairman: Right now.

Mr. Kennedy: Mr. Chairman, in the minister's statement on page 14, the penultimate paragraph, on the subject of export expansion, he mentioned, "We have asked for, and received, the full support and co-operation of Ontario's private sector." I was wondering what information gathering service you used, how that was developed, through what agencies, whether you feel you have full co-operation and whether it is both small and large businesses.

Hon. F. S. Miller: I want George MacDonell to come up here, if he will, please. My style in these things will be to let my staff, in many cases, answer the question.

Mr. Chairman: Just give us your name and your position for the record, please.

Mr. MacDonell: George MacDonell, Assistant Deputy Minister of Trade.

Mr. Chairman: Right, thank you. Did you hear the question from Mr. Kennedy?

Mr. MacDonell: I am sorry, I could not hear it.

Mr. Kennedy: In the penultimate statement on page 14 of the minister's statement, with respect to export expansion it states, "We have asked for, and received, the full support and co-operation of Ontario's private sector." I wondered through what agencies you gathered the impression of full co-operation of the private sector and how broad that return of information from the private sector was.

Mr. MacDonell: We selected 40 members of the private sector we thought were most repre-

sentative of firms in the export business. Examples are the president of the Canadian Manufacturers' Association, the president of the Ontario Chamber of Commerce, the president of the Canadian Export Association, the vice-president of export banking for the Royal Bank of Canada and so forth.

Mr. Kennedy: You were speaking with firms or agencies that are in the export business. I was wondering if you were reaching out to those you mentioned in later pages "who are not exporting now." From what you said, they were not really involved in the receipt of this information.

Mr. MacDonell: That was one end of the spectrum, the people who were very knowledgeable in the business; then we included firms like trading houses, which deal with very small firms; then we had some representatives of small firms, and we had Mr. John Bulloch to represent the several thousand small firms. We tried to cover the whole spectrum and we gave them an outline of what the government thought about its trade strategy and asked them to comment.

Just recently the minister convened them to report back to them on what he had done about their advice and counsel—the export success fund was one of the responses of the ministry to the private sector—and to report on his trip to the Far East. We have quite a close contact with this spectrum of private sector people.

Mr. Kennedy: My thrust was really to see if we are reaching those who are not now exporting and do not know of the potential that is available. That is why this caught my eye when it mentions that it was in full co-operation with the private sector. Do you have anything else?

Mr. MacDonell: I have one further comment I would like to make. We have approximately 45 field counsellors in Ontario who counsel small business. They have joined with the trade division in examining their client base to make sure the small firms are aware of the export opportunities and the government's support. By office they have specific targets for the number of contracts in developing new exporters, so there is tremendous activity going on to make sure the 11,000 firms the minister mentioned are being made aware of their opportunities.

Mr. Kennedy: This leads me to the second point I wanted to make to the minister. As you may recall, in 1979 I placed a resolution on the order paper to establish a Small Business Week. I see by my files that it was debated in 1980 and received the full support of the House. I pre-

sented it to your predecessors and I did not want you to feel ignored, so I want to present to you the suggestion for a Small Business Week.

The reasons for it are mentioned in the material and certainly in the debate. It would give a high-profile week to small business in which government, financial agencies, business consultants and industries small and large could get together to have discussions. I think it would really provide an opportunity to underline once again the importance of export and other activities, taxation and all the problems that we know face businesses. There are a myriad of points of discussion that might be undertaken in such a week which I think would be beneficial.

12:20 p.m.

One thing I found in my discussions in the riding and in other areas is that communication is a problem not only in other fields of endeavour but certainly also in small business, where, even with modern technology, you never really get full communication across. It is always a problem, try as we will, and I think it would provide a great opportunity for this.

I was wondering if you had an opportunity to look at the material I sent over to you a week or so ago and what your views are on it and what its potential might be?

Hon. F. S. Miller: I will answer briefly and then I will ask David Girvin to say some of the things that occur in small business, since we have a small business section in the ministry.

Obviously, we see the growth of jobs almost totally dependent upon the small business sector in Ontario. The real growth has been there and I expect it to continue. It has to be one of our most important focuses.

I have an open mind on the suggestions you are making. I saw the material and I have asked for some opinions on it. I have no reason that I can think of at this moment not to support stressing, through something such as Small Business Week, the importance of small business.

We have lots of weeks supporting causes that seem less essential to society than the health and success of the small business area. I am sure we expect that to have an effect, if only to penetrate through to the public, and particularly to the client small business people, to make them aware of what is happening.

David, is there anything you want to add to this? David Girvin is my Assistant Deputy Minister of Industry.

Mr. Kennedy: While he is coming up, I agree

there is no use having one if it is not meaningful. It has to have some meat to it and be worthy.

Mr. Girvin: Mr. Chairman, I have not seen the most recent proposal but we have had discussions with the federal government, the Canadian Federation of Independent Business and with other private sector organizations concerning Small Business Week.

Mr. Kennedy, as you are probably aware, we have co-operated through the Federal Business Development Bank, the Ontario Development Corp. and some others with small business weeks or small business months.

Part of the dilemma we might face is whether or not there is a duplication. The approach we have been taking is to co-operate but we are certainly open to any new suggestions in the light of the job creation the small business sector has done and its profile, particularly in the last five to 10 years.

Mr. Kennedy: The thing I sense is that we do not reach all the small businesses. Small businesses are so busy they do not even have time to read government handouts. I think there is a small—maybe not so small—void there in reaching them.

If you asked a businessman along the main street of Port Credit, "Are you going up to the Triumph Sheraton Hotel to the federally sponsored small business session seminars?" I bet nine out of 10 would not know what you are talking about. It is that difficult. The problem is twofold: the first phase is in reaching them and the second is their having the time and resource to participate.

Mr. Sweeney: How do you get around it?

Mr. Kennedy: A Small Business Week might be a small and meaningful step in that direction.

Mr. Girvin: Through either the federally sponsored or provincially sponsored seminar and the literature and the other outreach programs oriented towards that growth sector. We are at capacity if you are talking about including the retail and service sectors, approximately 250,000 small businesses. It is a very significant challenge when you are looking at the broad sector. We are running at capacity with good turnouts and I think both the federal and provincial governments face that challenge that they do draw well.

We have a small business publication, *How To Start a Small Business*, which is into either its second or third edition, and we have print run in the order of 50,000 copies. Both the federal government and the federal overseas offices use

our publication as a vehicle, as do its domestic offices. We do not seem to have a shortage of client groups in seminars or other outreach programs.

I guess the question is if the focus of an Ontario sponsored Small Business Week would address this significant challenge you have outlined.

Mr. Kennedy: The question is whether it would be meaningful and whether it would create more jobs.

Mr. Chairman: The member for Nipissing (Mr. Harris) is next on the list. I have about five who want to speak.

Mr. Kennedy: I would like to get on when we come to the Ontario Research Foundation vote.

Mr. Harris: I would like to follow up the same line Mr. Kennedy was speaking on, that is the small business area. On page 26, minister, you indicate in the last paragraph: "The main emphasis has been on small business because it is small business that is generating the jobs. Our research indicates that a lack of access to adequate financing is still the most important inhibitor of small business growth."

I believe you and most experts agree it is small business that is going to generate the jobs and you have identified the most important inhibitor to the small business people as a lack of access to adequate financing. I know we are moving in some directions. The small business tax holiday, I believe, is an attempt to help them have money. If we have identified this as a major problem and are intent on overcoming that major problem, I wonder whether the best way, in a co-ordinated effort to generate jobs and get things moving in that area, is to put more emphasis on addressing the problem of lack of access to adequate financing.

I want to give you a couple of examples you may want to comment on, things such as the first \$1,000 worth of interest income being tax-free. To me, that benefits the ever-ready, steady Eddie who does not do anything with his money. The person who is most likely to be able to benefit from that is the person with the guaranteed job, the civil servant, the MPP if you wish, the union worker, the teacher.

Mr. Haggerty: What kind of riding are you in?

Mr. Harris: There are still quite a few jobs that are pretty secure. It is people in those jobs who are most able to accumulate the \$10,000 or \$15,000 necessary to get the \$1,000 interest income tax-free. Where does that money go? It goes to the banks. Yet we are saying the small

businessman is having difficulty getting that money from the banks.

To me, that is one program that should be looked at. How can we get that generation of capital from those of us who are fortunate enough to have jobs—and I certainly try to make sure I get the \$1,000 benefit if I am able to whatever way I can—not to go to the banks and then out to wherever but to go right to the small businessman? That is one example of something I think is working in detriment to what we want to do. You can say that is a federal program, but it is presumably one we go along with or concur with and I think emphasis could be placed in that area.

You touched a little bit on companies paying tax. I do not want to appear radical or too far one way or the other, but I am wondering why companies of any size should pay any tax at all. I am not talking about property tax or tax for services, that is fine. Payroll tax for benefits for employees is fine, but when we talk about them paying an income tax I think we should be looking in a nonpolitical, nonpartisan way at whether there are ways—there might have to be a tightening up of some of the so-called tax loopholes.

Provided that money is going to creating jobs or new investment or other new things or it is going out into payroll, in which case the income taxes are being paid by those receiving the money, I really have some difficulty with why businesses pay an income tax at all. Where is that money supposed to go? Would the money not be better spent in building the company up and in creating new jobs and what not?

Mr. Sweeney: If they do not pay taxes it is a good investment.

Mr. Harris: It is only clear profit they pay taxes on.

Mr. Haggerty: They would be heading for Bermuda with all those taxes.

12:30 p.m.

Mr. Harris: They go to Bermuda now. I would like to keep them here in Ontario. Do you tell them they cannot leave; say, "I know it is your money, but too bad, we want it"? Those are some of the things I think we have to have a serious look at.

The member for Mississauga South (Mr. Kennedy) mentioned Small Business Week, or focused in on it. We do not have to look at the number one problem, the lack of access to adequate financing. We seem to have a myriad of small programs. The feds have their pro-

grams. I am wondering whether—and perhaps you are doing it—we are also analysing what we are doing that is detrimental to providing that access to the capital.

Let me finish by saying—and I would like you to comment, minister—that the small businessman has two choices if he wants to have this capital. First, he has to save it himself through whatever process and have that initial block of funding to be able to qualify for all the others; that is fair, when he does that he is risking his own money, and therefore we know he has to believe in what he wants to do.

The second choice is that, if he is an entrepreneur and he has an idea but no money, he has to interest somebody in investing in it to get that initial bit of capital behind him. I think that is an important process. I think he should have to. I am not asking anybody to put the total amount of money in I think most of us agree with that.

If he does not have the money but his idea is good and he has some demonstrated ability, the first test is to sell somebody on investing in it. However, if it is easier, simpler and safer for the guys who accumulate the money but are not the doers to invest in Canada savings bonds, to give their money to the provincial government through whatever vehicle they choose or to leave it in the banks to gain the interest—and that brings me back to that \$1,000 interest income—then it makes it very difficult for this doer and the job creator to get that initial first part of the capital to qualify for the money the banks have.

I would ask the minister if he might comment on that and on whether we are making a co-ordinated effort in that direction or whether he thinks we could be doing more.

Hon. F. S. Miller: A year or so ago, I think it was when the 1982 budget came out, we asked the Ontario Economic Council to look at the need for an Ontario income tax, if you recall.

One of the reasons we wanted that done was because, indeed, we did not often concur with an approach in the federal tax system. The year 1981 especially had seen some changes made in taxation which we thought were antithetical and anti-investment. We also had a number of objectives we wanted to achieve for home owners and for a whole bunch of people, objectives we thought would be hard pressed to be accepted by the feds.

When we come to the question of the treatment of interest income and interest expense, you cannot easily tinker with the tax system without looking at all parts of it. I think this is one of the risks you take when you take a piece

out and say, "I do not like that so I will not do it." However, we have some glaring inconsistencies in the taxation system in Canada, and they relate to the treatment of interest to some degree.

For example, a person pays for the interest on his mortgage out of after-tax money in Canada and before-tax money in the United States. That makes a fundamental difference in the real, true cost of owning a home in Canada and in the US.

A person who may have a very heavy mortgage interest cost but has \$10,000 or \$12,000 in what you might call a sinking fund or whatever, cannot take the deduction for the cost of interest on the mortgage but is charged tax on the money earned.

That is really silly, too, because very often for financial planning a person needs the flexibility of having a long-term payment to make, but has to have some money for immediate cash problems, be they investment, business or whatever. And you keep a little pool of money on one side to use for your business or for investing in the stock market, so you are paying on one side and not getting a credit on the other.

Obviously, discussions are going on with small business groups such as the Canadian Organization of Small Business, Canadian Federation of Independent Business and others, to decide what tax regime best supports small business; and discussions also will go on with them as to what moneys are available for them.

The most common complaint I get from small business people when they come in—apart from regulations, which has to head the list, and government interference, which is regulations—is the lack of availability of borrowed money. It is not equity but borrowed money, and their feeling is the banks do not treat them fairly.

One of the first meetings I had with any group was with the Canadian Bankers' Association and I believe I passed that feeling on to them. It is ironic and it is paradoxical that at the very moment when small business is saying it cannot borrow money, the banks are saying people are not borrowing money. The bank is allegedly looking for customers and a customer is looking for money.

The question then is why is a part of the economic spectrum apparently unable to get the money? I think to some degree it has been a function of the disastrous experience local managers had in the last three or four years when many an account went bad. When head office put the screws on them for losses, told them to be careful, what did they do? They took

the easiest way out, stopped lending to anybody who looked risky—that is, small business.

So small business has had and will have a particularly difficult time. That, of course, is why you have development corporations at all. We only touch the thin edge of the wedge in terms of meeting the need because we limit the kinds of people who can buy—not commercial, not operating, etc. But the problem is real. The Canadian Bankers' Association said, "We are not prepared to believe you are right; we think we are more active in that field than you allege and we would like case histories of people who have been turned down who should have been approved."

I throw that challenge out to all of us because all of us have been in contact with people who come in from time to time and say, "Look, the bank just is not treating me fairly." I have only sent two cases on. I need some more because obviously, if there is a problem out there we should be letting specifics go through, with the client's permission, and let them rebut on the basis of that specific.

I think the problem is real. I believe small business is not getting access to borrowed money as easily as it must and I think the Ministry of Industry and Trade does have a responsibility to act as its advocate in getting those cases put forward.

We are doing a lot of things, I think, to help. The lack of succession duties has got around one problem. E. P. Taylor said he could not afford to die here. If you cannot afford to die here your money is probably not here either. We wanted to make it possible to keep the money invested in the country and that is why I took succession duties off in budget number one. It was for investment, not for generosity.

Mr. Foulds: How successful has it been?

Hon. F. S. Miller: I could never measure it. It is an article of faith with me; because I thought of it, it works.

Mr. Foulds: That is what worries me about your whole approach.

Mr. Chairman: Let us get back to Mr. Harris's question.

Mr. Sweeney: I think your faith system is being questioned.

Hon. F. S. Miller: Not by me. Small business development corporations, SBDCs, are one of the most potent mechanisms for getting some equity money. I would argue that equity is more

important than borrowed money, equity money in a small business.

Mr. Foulds: More important than what?

Hon. F. S. Miller: Than borrowed money. Companies, to ride out the storms, have to have money that does not cost them anything until there is a profit. The SBDCs are still not really understood around small-town Ontario. I designed them for small-town Ontario.

I use the word "I" very directly this time. I even had a model in mind. I had Santa's Village in Muskoka in mind because I had seen it created by the town of Bracebridge without any government help. The town said, "Let us do something for ourselves, let us put some of our money in our community and let us do something that brings jobs here." It has worked.

12:40 p.m.

I thought to myself that not all communities are either as anxious or as desperate, or whatever the conditions were in 1954 when that happened, to put up money, let us say to stimulate people to invest in their own local industries; but that is where the money should come from, from the main street of a town for the industries that need help. I believe that very firmly.

The SBDC was an attempt to get people on the main street of any small town to recognize that we give them 30 cents for every 70 cents they put up if they invest it in their businesses and, it is hoped, bring with them some of their skills that the entrepreneur perhaps does not have, such as the accountant putting some money into the firm and saying, "Here is some good advice as well as my money," because one tends to give advice when he puts up his money; at least I do.

Capital gains: you are talking about taxes in general but specifically capital gains. Ontario's position to the federal government, at least in one paper I recall, has been that capital gains should be indexed because under the present system we are expropriating capital, not gain, so we should be looking at that.

The point of taxation is an interesting one. I will go back to my ideal. I was talking about the engine cycle a while back. I do not want this to be misconstrued, as it easily can be. I accept what you say, that a corporate tax is not the fairest tax if we are interested in creating jobs in our country.

The tax has to be on the disbursement of the earnings of a company, not on the retention of the earnings of a company if it is going to have

the maximum benefit for investment and job creation. It is easy for me to say that and not so easy to define how to do it.

I think we, as people, have to give a lot of attention to giving incentives to invest and to leaving money in equity form, in working capital form, so there is a real incentive to keep one's money at work and not to pull it.

I really think that is all I can say on your points unless you have something more specific.

Mr. Harris: Perhaps it is an unfair question, but as to the \$1,000 in interest that can be earned tax free, I understand we now have the highest retention of savings of most industrialized countries, and probably Ontario leads the way across Canada. Yet we have a tax incentive to encourage more saving. I believe we are further encouraging an even higher rate of saving at a time when we want to get the savings out to be little pools of equity and into the small businessman's hands.

Here we have a tax break for someone who does not need the tax break. I think it discourages and further confounds the problem. If it is a problem that all we do is save our money and not get it working, why do we have this further disincentive to getting that capital working?

Mr. Chairman: Do you think you can answer that question?

Hon. F. S. Miller: I am sorry. I was just having a little dispute.

I agree completely that we have stimulated saving. It is a function of a number of things. I saw the savings rate climb to something like 14 per cent of disposable income a year or so ago; I was watching it more closely. It was frightening in the sense that—

Mr. Harris: It is in spite of the fact that we know there are some 10 per cent of the people whose savings must obviously be going down. I do not think anybody who is unemployed is taking advantage of it. It is that other group, the people who do have the jobs, who are leading that increase.

Hon. F. S. Miller: The real disincentive to save, though, is very much struck by the tax system on interest. I was using some examples. For instance, if interest rates were 20 per cent a couple of years ago one could earn money. Inflation was about 12 per cent, as I recall, about that time.

Many of the borrowers are at the margin in tax rate. They are at about 50 per cent, so if they earned 20 per cent the \$1,000 credit did not do them any good and they ended up paying 10 per

cent of their earnings back to the state. I will not compare that 10 per cent to the rate of inflation, which was 12 per cent. They had a negative appreciation in their cash at the end of the year; they actually lost money by investing in interest-paying instruments.

When we come back to the rate today, you can earn 10 per cent and maybe even 12 per cent.

Interjection.

Hon. F. S. Miller: It depends. You would with some certificates. A mortgage, though, would give you 12 per cent, and if it was at about 20 you would have got that. You again pay 50 per cent at six per cent, right? If inflation is at five per cent you are making one per cent. You are better off earning 12 per cent in a five per cent inflation world than you were earning 20 per cent in a 10 per cent inflation world. The only real beneficiary of that process was government, on two counts: (a) the income; and (b) we paid you back with cheaper dollars.

Mr. Chairman: Mr. Harris?

Mr. Harris: Mr. Chairman, I know we are limited in time on these estimates, so I will pass.

Mr. Sheppard: Mr. Chairman, the minister's statement says on page 7, "A key role is played by the small business field services branch." It goes on to say there are 60 consultants in 19 offices. I presume their office in my area is Peterborough.

I have quite a few people who come in for assistance, and I just wonder if you can tell me how many people go into those 19 offices across the province and how many of them we are able to help out. It is a loaded question.

Hon. F. S. Miller: I have just checked my microchips. Let me see if it is in this book, because it sure is not in my head. The number that comes to my mind is 21,000 people who came into our offices last year for small business advice. Is that in my speech?

Mr. Sheppard: Twenty-one thousand? How many of those 21,000 were you able to help out? Sometimes they come into my office, they are frustrated and they say, "I have been to Peterborough and I just do not fit the criteria at all. What can you do to help me out?"

Hon. F. S. Miller: The answer is that sometimes we have helped a person most of all by saying no. I do not mean that sarcastically. The toughest thing for a politician to do, particularly in a government-owned entity such as a development corporation, is to talk to a person who

for legitimate financial reasons has been turned down but does not want to listen to that turndown. Some of the unkindest things that we as politicians have done have been to interview someone and say, "Please reconsider; give the guy money," and watch him lose his and ours in the process.

So if you ask me, "How many think they were helped?" versus "How many were helped?" I believe the numbers would be quite different. I could not by any stretch of the imagination give you a realistic figure for the number who felt they were helped. I really do not know.

Mr. Sheppard: I have to agree with you that a lot of times when the office says no to them they are probably better off.

It says there are 60 consultants, and I think one of the gentlemen over there said there are 45 counsellors. Are they all the same?

Mr. Girvin: What you are talking about is a field force in 19 centres. What you are talking about in your particular region, which is Peterborough, is the office of a Mr. Ledgard, who is the point man in that area. Obviously there is a head office staff that is involved in the administration of some of the small business programs; but with regard to the field itself, they are the individual industrial development officers.

In attempting to answer the question you directed to Mr. Miller, we do have management by results in terms of numbers, which indicate a breakout of the number of people they have been in touch with on productivity improvement, marketing and all those things as far as a measurement of the activities, the requests and the request load, is concerned.

I cannot give you an evaluation of the level of satisfaction of the 17,000 contacts that occurred in the field as opposed to the head office, because the domestic field office is involved in channelling requests to the Ontario Development Corp., the Enterprise Development Board of the federal government, now replaced by the industrial and regional development program, and a variety of other federal and provincial agencies.

12:50 p.m.

So it is more of a clearing-house and hand-holding in the best sense of the word, providing consulting advice. Our people often have an engineering and manufacturing background and do have hands-on experience. They provide that to the client, but they do not pretend they are expert in all matters.

If there is a requirement for a higher level of

specialization they will go to the tech centres, head office or outside referral areas.

Mr. Sheppard: Mr. Chairman, one other question: it says the growth was 2.7 this year and that you are looking forward to a three per cent increase or more next year. I am just wondering if your ministry is doing anything to encourage people to go east instead of north and west of Toronto.

I know the Ministry of Revenue building was moved to Oshawa, and the Ontario health insurance plan section of the Ministry of Health was moved to Kingston, as well as part of the Ministry of Transportation and Communications. I would like to see more industry in that great riding of Northumberland. I was wondering whether there was anything you could do to help us out down there.

Hon. F. S. Miller: Knowing my words are being printed for immortality, I will be careful of what I say.

Mr. Sweeney: It is called the Eastern Ontario Development Corp.

Hon. F. S. Miller: Sure. As a matter of fact, years ago, perhaps before I was even elected, there was a conscious east-of-Toronto emphasis. I would think you have seen this through the—

Mr. Sweeney: Are you referring to the federal Department of Regional and Economic Expansion, or the new Department of Regional Industrial Expansion?

Hon. F. S. Miller: No, I am not referring to either of them. I am referring simply to the government of Ontario's policy which stated that development, if possible, should be directed east of Toronto. It was the basis of a number of studies, but more important, a few years back we had the moneys for economic development in Treasury, some of which are still used but basically were aimed at communities in those parts of Ontario where we wanted to see development take place. Your city of Cobourg is a good example.

My tie, the one that you were wearing a copy of yesterday, was a \$7-million tie because the ministry—

Mr. Sweeney: It was made in Minaki.

Mr. Sheppard: That is when you were in Treasury though.

Hon. F. S. Miller: I was in Treasury—the ministry through its economic development fund, put \$7 million of moneys into Cobourg for industrial infrastructure to encourage industries

to go there. Treasury, as opposed to other ministries, got involved for that purpose because it was in its policy to see development east of Toronto. That is one of the kinds of action one would take. That has not been one of the easiest problems to resolve but that is the kind of thing we can do.

Mr. Sheppard: Thank you, Mr. Chairman, I am glad you wear the \$7-million tie too.

Mr. G. I. Miller: I too have comments. The member was putting to the minister that we get many people coming in and asking what is available for small business; likewise, they cannot fit their criteria. It is really not to help small business; it is really to help small industry and provide employment, as has been explained to our office.

We have the Board of Industrial Leadership and Development program where we give out many grants, which is a total giveaway program, and get nothing in return. It seems to me it would make some sense for that money to be lent, to be utilized the same way as it is now on a worthwhile project, but it would certainly put money back into the Treasury and you would have a revolving fund to work from.

In the Ontario Development Corp. there are various rates of interest that are utilized. You might correct me if I am wrong, but depending upon the overall investment, in order to get a new industry or project going and give it a chance to survive, it is a matter of keeping that interest rate low. If anything had affected the recession, it was that high interest rate. When you get up as high as 25 per cent, there is no way anyone can survive and make a profit. There is just not that kind of return in any business, if you have any amount of money borrowed.

For example, I know you have taken the trip to Japan and the eastern countries. With their populations, food is perhaps one of the things they need most. It is something we all need, but they do in particular, with that type of population. We do have a natural resource here that probably can produce and feed many millions of people.

In the agriculture industry we have had a request to make pressed pellets or wafers which would fit an export market. It seems to me that something like that would be of use to the agriculture industry. On your trip, did you take a look at agriculture and what it could do as far as sales are concerned, and what you could do for the agriculture industry in Ontario?

Hon. F. S. Miller: Earlier, I think in replying

to the New Democratic Party, I talked about the price of beef being important to Massey-Ferguson—or I guess that was to you and your party.

The price of any agricultural commodity is essentially important to all of us. That is something we tend to lose sight of. The Canadian housewife—and my own wife would be the first to tell me I am crazy—would not like to hear that we are among those most favoured nations in the world where the smallest percentage of one's income goes for food. We have far greater disposable income than most. The tradeoff for that is that our agriculture industry is in some difficulty and indeed world commodity prices, as I do not need to tell you, Gordon, are not at a level that permits profitable production of things such as beef and a number of other products.

Yet a country such as Japan, unless I am wrong, has a defensive posture in terms of those agricultural products it is able to produce. One would assume it would be very competitive in growing rice but it is not. My understanding is that its cost of production of rice—and the size of fields the Japanese have compares with small backyard swimming pools—really is about four times the American cost of production. It is subsidized 25 per cent by the state, so it is sold at three times the price the American rice could sell for in Japan. I never thought of the Americans as efficient rice producers. They happen to be.

I keep quoting beef. I think the Japanese, because they are relatively well off, would be beef eaters by choice if beef were in the price range which permitted them to use it on a daily basis. It is not.

Mr. Haggerty: The same thing applies here.

Hon. F. S. Miller: No.

Mr. Sweeney: When was the last time you went shopping, Frank?

Hon. F. S. Miller: I shop fairly regularly.

Given that the average industrial wage in Japan is roughly half ours—I think that is not far off, at least in the automobile industry—and given that the price of beef is somewhere between \$35 US and \$80 US a pound depending on the cut, you can understand that with 120-odd million people there is a fair demand for \$5 or \$4 beef, which the Americans could provide.

If the Americans provided beef to Japan it would quickly take the margin of surplus out of their present production. It would firm up the price, not a great deal but it would firm it up

ere to the point where beef production was profitable. In turn, that creates cash flow for the farmer, which allows the farmer to have money to reinvest in equipment, which comes back to the point I made in the beginning: the purchase of the essentials for farming machinery, et al.

So a simple thing such as the ability to sell an agricultural product into a country such as Japan can have a measurable, demonstrable effect upon a basic industry such as Massey-Ferguson. We have every reason, then, to support Americans when they try to gain access for citrus, for beef, for rice, for whatever, because of those issues.

You cannot expect the farm community to keep on producing its products at less than cost. We are just hiding our heads in the sand. The alternative is bankruptcies until such time as the price goes up to allow the balance of the world to succeed.

1 p.m.

Mr. Haggerty: Yes, but on the American side the agricultural sector is highly subsidized.

Hon. F. S. Miller: I would argue that, but I am not the Minister of Agriculture and Food (Mr. Timbrell). That is best gone into with him. I would argue we probably subsidize it more than they do.

Mr. Haggerty: That is one of the reasons beef is about half the price of turkey. They tell me you can bring turkeys across at Fort Erie, for example, at about 38 cents a pound.

Hon. F. S. Miller: I am not competent to argue that. I am only saying I think the Americans subsidize their agriculture less than almost anyone in the world subsidizes agriculture.

Mr. G. I. Miller: I do not believe that is so.

Hon. F. S. Miller: I defer. I do not know.

Mr. G. I. Miller: I just read the figures from the federal Minister of Agriculture. The overall subsidy for agriculture is more by several percentage points than for the Canadian agricultural industry.

Hon. F. S. Miller: I do not want to get into that debate.

Mr. G. I. Miller: I am just giving you a figure I read in one of his recent news releases.

Was there any possibility of and did you do any negotiating for the agricultural industry, or was it strictly heavy industry through your ministry?

Hon. F. S. Miller: The trade office we have in Japan certainly works closely with the Ministry of Agriculture and Food. The Minister of Agri-

culture and Food was over there this year. I believe we had very real success—you may be able to talk to that, George—from his last mission over there.

Mr. MacDonald: I do not have specific items, but I know there was a very successful response to his pork mission. I do know our agricultural exports to Japan are growing steadily. They now represent about one third of our total exports to Japan.

I was talking briefly to the Minister of Agriculture and Food the other day. He said that in unit terms Ontario's exports have doubled, but not in dollar terms. The price, unfortunately, has dropped off badly, but in unit terms over the last five years agricultural exports have doubled.

Mr. Chairman: Mainly in what commodities?

Mr. MacDonald: I am not too sure of that. I think pork would be one of them. I know crops such as soybeans, canola—

Mr. Chairman: Beef?

Mr. MacDonald: I am not too sure about beef. I do not think we have done as well as we might have or as we have done on pork.

Hon. F. S. Miller: It is interesting, if one looks at the pork issue—I am on very dangerous ground with the farmers around here looking to bury me—I think the pork prices in Canada firmed up two years ago.

Mr. Chairman: Last fall.

Hon. F. S. Miller: That would appear to be directly related to the purchase by Japan of Canadian pork. The purchase of Canadian pork related to the fact that there was hoof and mouth disease in Denmark which diverted purchasing from Denmark to Canada. That also shows you how quickly that can influence the consumer price in our country. This is the point I was trying to make earlier.

Mr. Haggerty: Which is like the export of fish from Lake Erie to Japan.

Hon. F. S. Miller: Yes, that is basically because of a scare in the Japanese market, ironically, because they traditionally consume products with contaminant levels that make our home products look simon-pure.

Mr. G. I. Miller: To follow up on that again, in regard to the new program you announced to assist in the export market, we had a request from the Simcoe Leaf Tobacco Co. inquiring if that program would be useful to the tobacco industry in trying to export its surplus products. Do you have any response to that? Were you able to assist?

Mr. MacDonell: The export success fund is essentially for manufacturing companies. The Agriculture and Food ministry has a fund of its own, details of which I am not clear on. I think in the case of anything you can eat, drink or smoke—that is the rule we go on—the manufacturer-supplier should apply to the Minister of Agriculture and Food.

Hon. F. S. Miller: Add one word: anything you can eat, drink or smoke legally.

Mr. MacDonell: Legally, yes.

Mr. Foulds: That sounds like a political platform.

Mr. G. I. Miller: I do not know about the smoking; it is almost beyond our financial means now because of taxation.

Hon. F. S. Miller: Where is your riding?

Mr. G. I. Miller: I think you, as a former Treasurer, understand. As far as utilizing some of the resource sectors is concerned, particularly the Ontario Centre for Farm Equipment and Food Processing at Chatham, tobacco perhaps utilizes that. Perhaps more equipment is being made to supply that industry. If we ruin the industry, it is like killing the goose that laid the golden egg. I think you understand that. I hope that when the Treasurer comes to you for advice you will relay to him that we do not want to see the industries totally destroyed.

Getting back to the question of tobacco and agricultural products, this ministry is not too well aware of what is for sale and it does not have much involvement in trying to promote sales.

Hon. F. S. Miller: I did not say that. At each of our major offices, in London, New York and Tokyo—I think Tokyo has an agriculture representative too—we have been putting people directly in. The Ministry of Industry and Trade obviously has a very general interest in all foreign trade. Other ministries obviously have very specific interests in some of the products they feel they have the primary responsibility for.

By definition, agricultural trade falls into two ministries. However, our office would work with their representatives, leaving many of the specifics to them in using our facilities and co-operating with us in a general way.

Mr. G. I. Miller: Getting back to the tobacco issue, was that referred to the Ministry of Agriculture and Food and was it able to give them assistance?

Mr. MacDonell: I do not know of this case but after the meeting we could follow that up and find out whether the Ministry of Agriculture and Food did receive an application. We could pursue that immediately after the meeting, if you like.

Hon. F. S. Miller: On tobacco, there was an interesting comment made to me while I was in Japan. I can only give it as an anecdote. I am not sure whether it is true.

There is a very heavy demand for American cigarettes in Japan. They are popular and I am told they are seldom on the shelves. The answer always is that there is no inventory, which is an interesting problem in that the people who make them allege they could certainly get them there if they could get them past the border.

Mr. G. I. Miller: They are not permitted to enter.

Hon. F. S. Miller: Whatever the reasons, they do not get in at the speed they would like to get them in.

Mr. G. I. Miller: I would like to refer back to the matter of waferizing alfalfa, hay or whatever. There has been a request and they would like to promote it. They feel there is an export market there. We have been in touch with the Minister of Agriculture and Food and this minister. We hope they will give that some consideration, but they need some—

Hon. F. S. Miller: Let me ask Peter Barnes to come forward. I think he may be able to answer this.

The question specifically would be, at the farm equipment and food processing centre thought one of the projects they were considering was the preparation of hay for export, is that so?

Mr. Barnes: Yes, it is. One of the projects we are on at this moment and seeing what help we can give is a hay compactor. This is a project that I know Guelph has been working on. We are working to try to bring it to a commercializable prototype stage at this time.

Mr. G. I. Miller: Do you mean compacting it in bales—

Mr. Barnes: Yes.

Mr. G. I. Miller: —or in waferizing and bringing it down to—

Mr. Barnes: I am not an agriculturalist, but understand it would involve compacting it in bales to a point whereby one can get a sufficient mass of hay to make it commercially feasible to move.

Mr. G. I. Miller: That is one way, but that is not really what I was referring to. I was talking about making it into wafers and bagging it in 100- or 200-pound bags, or whatever the measurement might be. That involves processing it, rying it down so it will keep and shipping it in wafer style like a feed in 100-pound bags. It is high-protein. One is using alfalfa which can be grown extremely well in some areas of Ontario, particularly in southwestern Ontario.

I know there are people who are interested in developing that. They have done a lot of research, looking at markets, looking at the American side and comparing to see whether they can be competitive. I hope your ministry might take a closer look at it.

10:10 p.m.

Hon. F. S. Miller: Let me try to put the sequence of events into perspective the way I would see it. Let us assume that is a viable system or objective. It would seem to me somebody has to make up his mind that he wants to try to do it.

The normal reaction of our centres is to respond to a request from somebody who believes that given some help he could make a product that is saleable. The question is, is it research or is it application of existing knowledge? That is not something we expect the customer to sort out. We simply say to them that somebody wants to do that and sees a market, we really need an entrepreneur saying, "Please help me solve this problem, or at least tell me where it has been solved before and help me do it." That is the way the centres work.

Mr. G. I. Miller: Thank you.

Mr. Chairman: Thank you, Mr. Miller. Mr. Haggerty?

Mr. Haggerty: Thank you. I want to thank the minister for that lovely dinner today. They had 10-odd guests here, at about \$2.25 a head. I don't know whether it is going to be his last dinner or not.

Hon. F. S. Miller: I was always noted for my generosity.

Mr. Haggerty: I noted on the paper napkin: "Have a party with Havarti cheese from Denmark."

Hon. F. S. Miller: We are in the export business today.

Mr. Sweeney: Trade is a two-way street.

Hon. F. S. Miller: International trade.

Mr. Haggerty: That is the point I want to drive home to the minister. When one lives

close to a border community, such as Fort Erie and the Niagara Peninsula—

Mr. G. I. Miller: Where was it printed?

Mr. Haggerty: Probably in Denmark.

Mr. Sweeney: Probably in the United States.

Mr. Haggerty: The picture bears a little resemblance to the minister, with a point here and a point there.

Mr. Sweeney: It's the coat—not the whole face, the coat.

Mr. Haggerty: With all the advertising this government does, and I guess it has its reasons, one would expect it to have certain things available. But if one requests from the Ministry of Industry and Tourism these napkins with "Ontario—yours to discover" on them, it is difficult to get them to spread around through the communities in the Niagara Peninsula where there are numbers of tourists coming in.

Service clubs call me up, particularly the Lions Club and the Kinsmen Club, which travel through the United States quite a bit, and they are always asking for something from the province that they can leave at their gatherings. One almost has to beg that ministry to part with a booklet or pamphlet about Ontario.

So if this can come all the way from Denmark, and particularly at a government dinner, it is rather embarrassing.

Hon. F. S. Miller: I think it probably comes from somewhere around Bloor and Bay. I think you will notice we did not serve any cheese for lunch. Our budget allowed one and a quarter sandwiches per person.

Mr. G. I. Miller: And if you trip on the way, you miss it.

Hon. F. S. Miller: The Minister of Health (Mr. Norton) told me obesity was his number one disease.

Mr. Haggerty: I also want to thank the minister for his involvement in that latest announcement yesterday, which had a significant bearing on the development of Fleet Industries in Fort Erie. I know what it means, particularly to an area that perhaps has one of the highest unemployment rates in Canada, the region of the Niagara Peninsula.

I know about the work he has done in this area in bringing about the final negotiations and I have to commend the minister in that regard. I am sure I convey those good wishes on behalf of my riding for his efforts as well.

I was concerned about his comments about being optimistic and pessimistic over his trade

mission to the Far East. The Premier was along, but I do not know whether he was with him on the visit to Hong Kong. That is a good political move. I think the Premier and his government are looking down the road, say to the year 2000—or is it 1992?—when Hong Kong will—

Hon. F. S. Miller: It is 1997.

Mr. Haggerty: In 1997, Hong Kong may be part of China again. I know there is a certain amount of wealth over there, and I suppose this is a good way to encourage investment in Ontario.

I was also concerned to read in a Buffalo News article that Canada had criticized the United States for its protectionism. The article went on to say: "Although more than 25 per cent of all vehicles sold in Canada are Japanese, they are not investing in Canada at all." This was quoting Allan Gotlieb, Canada's ambassador to the United States. I know the federal minister, Mr. Lumley, is trying to get some involvement, and I am sure you are too, in establishing plant facilities or even parts facilities here in Canada. What success have you had in this area?

Hon. F. S. Miller: I will go through the three points you made.

I think the most valuable import from Hong Kong that we can get right now is not their capital, welcome though it will be, but the people who come with that capital. If there is in the world today a microcosm of capitalism and people with an entrepreneurial spirit, it is on that rather strange piece of property called Hong Kong, where nothing is flat; it is all up or down and there are no natural advantages at all.

Mr. Sweeney: Except that they have low taxes.

Hon. F. S. Miller: They have low taxes because they have applied themselves in a very direct way to understanding what their role is in their system and they ask very little of it.

As I say, it is a city in which the streetcars pay for themselves, the ferries pay for themselves and just about everything in sight pays for itself. The average person, the average clerk, has an intuitive understanding of the marketplace, of the stock market and of the values of currencies. They are basically speculators and investors.

There are 5.5 million people in that country and 50,000 companies. We have 8.5 million people in Ontario and 14,500 manufacturers.

Because of the precarious position—which I believe will be resolved, because I do not think China could afford not to have Hong Kong—there are people who are looking around and

Canada is their most favoured location. It is the most favoured location because they have 60,000 graduates of Ontario or Canadian universities in Hong Kong. That is a tremendous pool of people.

Mr. Haggerty: I think of the Niagara Christian College in Fort Erie, along the Niagara River. A great number of students in that private school are from Hong Kong.

Hon. F. S. Miller: My daughter went to Almac College in St. Thomas. That is fine. That is a export business in its own sense.

I am just giving you the reasons why we have these particularly interesting connections. I think you will see investments made by them that have a price tag attached. The price tag will be: "Please let my children or myself into your country. I will start an industry." I think you will see a number of small industries come here because of that.

You then touched upon the subject of American protectionism. Under the auto pact, the auto task force has had a more specific reaction than I have heard Mr. Lumley offer yet. I have hoped I would hear his response in November, but I suspect I will not hear his response until an election.

Mr. Haggerty: Will there be any adverse effects on the operations of the automobile industry here in Ontario as General Motors, Toyota, Ford, and perhaps one of the other Japanese car builders, form a company or join one another to form a larger company? Would there be a passthrough of American or American Japanese-made cars from the United States to Canada?

I do not have to tell you that if you lift the hood on a number of compact and intermediate cars now manufactured here by the Big Three in the industry, in particular General Motors and Chrysler, almost all the engine and the transmission system is made in Japan.

Hon. F. S. Miller: It is true. If you buy a 2.6-litre Chrysler engine, it is a Mitsubishi engine. If you buy a 2.2-litre Chrysler engine, it is an American engine. If you buy a Chevrolet four-cylinder engine, it is probably a Mexican engine; and so on down the list. That is not the issue. In fact, I would use it to argue that exactly what we want to see; but we want to see Canadian wipers, Canadian glass, Canadian panels and Canadian brakes in cars in Japan.

We have world cars, whether we like it or not. The real question is what percentage of the value of total trade of vehicles in Canada

created in Canada, not whether the car is assembled here or anything else. I really do not care what component comes from where as long as we get our share of value added. That has been the gist of our reaction.

1:20 p.m.

Mr. Haggerty: Where our windfall is in trade now as it relates to the auto pact is that there is a certain benefit coming here to Ontario; but it is because of the larger cars.

I am sure you are aware of the situation in the Middle East, particularly as it relates to Iran and Iraq, where they may be closing off the Persian Gulf. Do you know that there is a possibility, according to studies done in the United States, that if it is closed off oil will go up to \$100 a barrel? Has anybody in your ministry looked into this? What steps has your ministry taken to prepare for that escalation in the price of oil in case this event takes place?

Hon. F. S. Miller: You are going a little beyond the Ministry of Industry and Trade's mandate and more into the government of Canada's mandate.

Ontario's consistent position since the energy paper of 1979 was issued has been that the first and most serious objective of any Canadian oil policy is self-sufficiency. Therefore, there must be investments in Canada to generate the oils we need from the sands, and the division of the wealth which the government is currently taking out of—

Mr. Sweeney: The Premier has backed off that.

Hon. F. S. Miller: I do not think you will find that he has backed off that at all.

Any division of the tax moneys that flow because of surplus oil prices must first allow the companies to reinvest in those facilities, and then secondly be divided fairly between the two levels of government so that the interests of all Canadians are served by the surplus value. It is as simple as that.

If world oil prices go up to \$90 or \$100—in 1979, we predicted \$90 oil by 1990; it was assumed this would happen. Funnily enough, a good deal of the troubles of the world today, a good deal of the troubles of the banks of the world with their lesser developed nation payments—nations like Venezuela, Mexico and so on—comes about because of drops in oil prices, not increases. That is ironic.

I would say that stability of oil prices is what I would like to see, rather than any vacillations

such as we have seen in the past two or three years.

The last thing was about Mr. Lumley. What did you ask me about Mr. Lumley?

He still has a job? You cannot remember what you asked me?

Mr. Haggerty: I mentioned you and Mr. Lumley on the matter of the Canadian content in Japanese cars.

Hon. F. S. Miller: I am asking for a response, and so far we do not have one.

Mr. Haggerty: That is all I have.

Mr. Chairman: Thanks, Mr. Haggerty. Mr. Foulds?

Mr. Foulds: Thank you, Mr. Chairman. I have four or five questions I would like to get on the record and get some answers to.

Minister, in the speech you gave on October 27, 1983, to the Association of Ontario Land Economists, you said—and I am quoting from page 2:

"The Organization for Economic Co-operation and Development has forecast a two per cent growth rate in the Canadian economy for this year, followed by an advance next year of from 4.5 to five per cent. That would make 1984 the best year for the economy since 1976."

Today you said, "We expect a real growth of three per cent." Why the difference?

Hon. F. S. Miller: You quoted a source other than me in the first one and you quoted me in the second one.

Mr. Foulds: Why did you use the other source in the first one?

Hon. F. S. Miller: One thing I learned as Treasurer was that no economist knows what is going to happen. So we all make different guesses.

Mr. Haggerty: That is why they are never wrong.

Mr. Foulds: So you are saying there is no excuse for the first statement and there is no reason for the second one.

Hon. F. S. Miller: No. There are reasons for both, and I am not sure who is right. I can only say that when this year began, and I stood up and gave the budget of 1983, I said there were certain figures there on predictions of growth for Ontario; I think we suggested 1.9 per cent. I said this was the official guesstimate.

My personal view is that it will be higher. I was more buoyant. I think it is safe to say that most people who are making official predictions these days will err on the low side because they

got so badly burned, in 1982 particularly but even in 1981.

No one ever comes back and gets angry at you if a three per cent estimate turns out to be five per cent. They get very angry if a five per cent estimate turns out to be three.

Mr. Haggerty: You are turning into a pessimist instead of an optimist, in spite of your initial views.

Hon. F. S. Miller: I am a pessimistic optimist.

Mr. Foulds: Once again, that is a contradiction in terms.

Mr. Sweeney: I think you should run for Premier. You have the right approach.

Hon. F. S. Miller: I will just let you into a private joke. My exec is here, and he will be embarrassed, but one of my unblushing admirers, Hughie Segal, wrote a lovely article last week. My staff's first piece of advice was to call him up and say, "Gee, we have all read it and we are so encouraged that I am running again."

Mr. Foulds: Just to help you with your leadership campaign, I would like to ask you the next question, which is one you failed to answer from my opening remarks. I asked if an audit or an evaluation had been done of the government moneys put into the pulp and paper industry at your instigation some years ago. If not, will you make a commitment that such will be done and will be made public?

Hon. F. S. Miller: An audit in the sense of whether the money was spent and was spent the way it was to be done, I would say yes. But for an audit in the sense of whether the results are those that were predicted, I think the answer would be that it is premature at this point and I am not sure one could set criteria that would be meaningful.

I guess the only audit I am interested in will be, does Espanola, does Kenora, does Thunder Bay and does Abitibi-Price at Sault Ste. Marie continue to function? We have seen very encouraging results. We have seen, for example, the changes in the mill at Thorold, the Ontario Paper Co., which would be the best example.

Let me go through the chronology a bit. I am sure you know all this, but this is one of those happy coincidences of time and place for a minister. I was, as you know, the Minister of Natural Resources at a time when pulp prices were severely depressed. Simultaneously, the Ministry of the Environment was imposing, quite properly, demands and orders on pulp mills in Ontario, most excited by the Dryden problems of the early 1970s. We were faced with

these old mills, low productivity, high pollution, unstable markets—all the problems at once.

The social objective of clean water and air was the most pressing, visible political problem. We realized that one way or another those mills had to be clean, but we wondered whether they would survive if they were clean. So we had an engineering study done by consultants, on a confidential basis, on every single mill in Ontario with the co-operation of the mills.

Somewhere in 1977 I was made privy to the results, but the terms and conditions were that no one could see any one mill's results except the minister, the deputy and the mill, for the obvious reason that if one mill could see another mill's information there would be a lot of competitive data there that they were giving us very freely on their production costs and all of their problems. It was strictly the nuts and bolts of how well this mill runs, where its problems are, what its costs are—that kind of thing.

It showed us one interesting thing. In those days, with two exceptions, the mills of Ontario could be made clean and productive on an incremental investment basis instead of cleaning them out and starting from scratch. That was what we wanted to know. How accurate the engineering was, I am not sure, but generally it was accurate. The two that were not possible were, to my recollection, Thorold's Ontario Paper and Hawkesbury's Compagnie Internationale de Papier du Canada. In both cases, they said it was cheaper to start over. Thorold did.

If one wants an audit, one could go to Thorold and see a whole set of problems solved: (a) jobs, and I think that audit is visible; (b) a brand-new nonpolluting mill; and (c) a mill that changed its whole approach to where it got its source papers or raw materials. It went towards recycling and, ironically again, it has to buy most of its paper in the United States. But really, it was trying to tackle a whole bunch of problems. That is the kind of audit, I think, that counts.

1:30 p.m.

Sure, I know there will be fewer jobs in the mill when it is all over than there were before, but we knew it was going to disappear. That was the issue totally. It stayed alive for years, as I recall, by making vanilla flavouring out of lignite rather than paper. We did not save the Hawkesbury mill. The market disappeared there. As you know, it was a disappearing pulp, a dissolving pulp, and the market dissolved with it. That mill went, and we found no alternatives

for it. The other mills, in the main, have survived. Marathon was a close thing.

I spent all last Christmas and half of January with Dave Girvin, Blair Tully and half a dozen others trying to save that deal, and I think we finally did. The real audit is that we have now, as in Espanola, reasonably efficient Canadian mills out of the old ones, mills that are employing people in single-industry communities where, in most cases, they would not have survived this current downturn.

Mr. Foulds: I hate to be rude, but that is not a sufficient audit, it seems to me. I am not asking for the moon. You are saying you are satisfied they continue to exist. I think when the people of Ontario invest money, they deserve a better audit than that.

They deserve to know what your estimate is of how long they will continue to exist. It is fair to ask for an economic evaluation of where that plant is in terms of its competitors in the market. It is also fair to say, and I would certainly agree, that the evaluation of the social impact of upgrading those mills in terms of the work force, the community, and if you like, the clean air thing, is perfectly valid. They should be added to the mix. When a government invests, and invests basically in private industry without any strings attached to the actual dollars invested, I do not think it is too much to ask for an accounting of sorts.

Hon. F. S. Miller: I think we differ here in what we expect. I could take an audit one way that you might not agree with. I can take the income that flowed to the government on a straight tax basis from those investments and show you I have already got it back. The income tax collected from people at work has exceeded the money we invested. The real audit, one you can make, is go to Dryden—you do not live far from there—go to the union representative, or go to Great Lakes right in Thunder Bay.

Mr. Foulds: It is just a short drive.

Hon. F. S. Miller: Take the union steward with you and forget about management. Ask him to tell you as he walks through the plant what he thought about the program. I am just saying that is the most objective way, although you may not agree with it. I think that is a very realistic way to find out whether the plan worked.

I can give you all kind of stats to say it did work on a dollar and cent basis. We are talking about all the social benefits. The most important social benefit I can provide, as Minister of

Industry and Trade, is to give a person a job. You may not accept that. Without that they do not have any other social conscience. It is very hard to maintain an interest in the environment if you are starving.

Interjection.

Hon. F. S. Miller: If you are retired, you are depending upon somebody at work to pay the dividends for your retirement, and it is not ironclad. We will not get into too philosophical an argument today.

Mr. Foulds: Obviously, what you are saying is you are now prepared, as you indicated in the last part of your speech, to invest in other sectors along the same lines as you did in the pulp and paper industry. If you are going to do that, I think it is fair to ask that we have an evaluation. You are saying it cannot be done. The only thing you can do is an anecdotal thing, say that the people in the community are saying, "Thank God, you saved the mill." Of course they are going to say "Thank God, you saved the mill." I say "Thank God, you saved the mill," but I would like to know what kind of return we got.

Hon. F. S. Miller: Again, I am a good enough politician to be able to do the arithmetic to solve your needs.

Mr. Haggerty: You have 30 more years of lifespan in that new plant.

Hon. F. S. Miller: And 40 more years as Conservatives in office.

Mr. Sweeney: God forbid.

Mr. Foulds: Don't worry, even the Roman empire fell.

Hon. F. S. Miller: That took several centuries.

You are catching me on the horniest philosophical dilemma you could ever put me on. I talked about my ideal world. Why should I have given a cent to anybody if I believed in all those things the right-wing Conservative espouses? I am saying to you I have allowed myself to be convinced that the state has a responsibility. It has performed it. You, the great interventionist, are now saying, "Don't do any more until you can prove what you did is right."

I say the proof is there. I do not know how to construct it in more ample terms. I think it is worth saving those jobs by making certain investments at certain times in certain industries.

Mr. Foulds: I think that leads to my next point, which is accountability. What I am concerned about and what I think the people of the province—and people generally, if I am not

mistaken—are concerned about is that the reason they have such a bad view of government these days is that, by and large, they see government as not being accountable. If you cannot account for your investment, or justify it in better and more detailed terms than you have just now, there is going to be some question about it. Anyway, let me leave that.

In a mischievous moment last night as I was preparing for these estimates, I thought I might move to delete an expenditure of \$6,265 from the minister's salary. That had nothing to do with you. That had to do with your predecessor. As I work it out in my mathematics, that would be the per diem he would have earned from April 1 to July 5 out of the \$23,300 that is allotted for the minister's salary.

Hon. F. S. Miller: I get \$122.28 every two weeks for being minister, net.

Mr. Foulds: You get deductions as benefits and so on.

Hon. F. S. Miller: That is after deductions. I was just wondering how you could take \$6,000 off that.

Mr. Foulds: What I worked out was he had 96 days in office and 96 over 365 times \$23,300 gave me that figure. I could be wrong. Mathematics was never my strong suit. But that was a mischievous idea and would show nonconfidence in the government. I am not sure I want to run that risk just before Christmas.

However, the question of accountability is an important one. Will you give me a commitment that the kind of tendering, or lack of tendering practices that took place regarding the contracts that were let by Mr. Walker with regard to the tech centres—I have forgotten the names of the recipients—will not occur in this ministry again?

Hon. F. S. Miller: It will not occur with my knowledge, assuming it ever did, and I have to make that qualification. I can never as a minister say things will not happen, but because I am responsible for those things that happen in my name and without my knowledge, I can only say it would be my advice to staff that they should not happen, that we should be following whatever directions the government has on the procurement of anything.

Mr. Foulds: Ensuring there is not an attempt to bypass the rules by ensuring the contracts are broken down into amounts less than—

Hon. F. S. Miller: I will simply suggest to you I have not tried to find ways to break the rules at any time in any ministry.

Mr. Foulds: Are you issuing instructions to your staff to follow the principle that you yourself endorse.

Hon. F. S. Miller: I think my staff understand me.

Mr. Foulds: That is not the question I asked you.

Hon. F. S. Miller: I would argue that I am not sure a direct order from me would be needed. If a direct order were needed, I would say, "Obey the rules." I hope that is automatic unless somebody else saw that it was changed or somebody like myself ordered somebody to do something. My deputy says the Premier of late has reminded just about everybody in government that the rules are to be followed.

1:40 p.m.

Mr. Foulds: On October 11 I put the following question on the order paper, which was not answered, and I can understand why it was not answered in the detail I asked for. I would like to apply it to this ministry.

I asked: "(a) Would each ministry outline the number and destination of all trips taken outside of Canada by the minister, the deputy minister and the assistant deputy ministers at public expense since September 1982? Would the ministry outline the members of staff and any nonministry personnel who accompanied the minister, the deputy minister and the assistant deputy ministers on any of these trips? Would the ministry indicate the purpose and cost of each trip headed by the minister, deputy minister or assistant deputy minister? How many direct jobs have been created in Ontario to date as a result of each trip.

"(b) Would each ministry supply the same information for the chairman, president or chief executive officer for each of the crown agencies, boards, commissions or corporations under its jurisdiction."

The only reason I raise that question now is that when I put that on the order paper there was a refusal to answer it. May I just read the answer: "To assemble the information requested would require the expenditure of considerable time and the diversion of efforts from present assignments. The information in question concerns expenditures undertaken by various ministries and secretariats and may be sought through each individual ministry's regular estimates process." So that is what I am doing, seeking it through the regular ministry's estimates process.

Hon. F. S. Miller: There is probably no ministry of government which would have more rips than the Ministry of Industry and Trade. I would suspect my staff were saying on the average we have one-and-a-half missions or shows per week around the world. As the minister, my problem for the first time in my life is how can I begin even to find the most important ones at which to be present.

I have given my staff a quota of three major assignments a year for me personally. I recognize it is absolutely essential in most countries where we do business for a mission to have a political person along. I have already used certain ministers and back-benchers to accompany missions, and unless I am instructed to do otherwise, I will continue to do that, rotating it through as many as I can, because I honestly believe the doors are open for our commercial people by the presence of an elected person on those trips.

I know on the one I was on we had the press along, in Japan and certainly in Hong Kong, on the Premier's side. I think after about four days they were quite willing to admit they were not exactly holidays; they are interesting, they are exciting, but they are hard work.

I would feel that general government policy probably applies to your general question and general government policy may be that it cannot answer your question. Certainly, I do not know how I would ever define the results because, in some cases, I will have to go, as I did to Japan, four or five or six times to break down some doors.

I do not know how I would quantify the Mitsubishi job. Did it come about because previous ministers were in Japan or not? I believe it did. I am not sure I could prove that, and yet there could be 600 jobs in Midland, Ontario, because of continuing contacts between the ministry and that company. I hope we will see more and more of that. I believe continuity and frequency are the key ingredients to industrial sales.

The most serious comment I get about Canadian trade missions from, say brokers and potential buyers, is that Canadians come when markets are bad and they do not come when things are good. They would like to see us on a steady basis. I think we have to encourage our companies through government-led missions to keep on going, which means you are going to see us doing maybe more than 75 a year. I can only say I think our job is to see that we do not waste money in that process.

Mr. Foulds: I do not disagree with that. Philosophically, I do not have any difficulty with this ministry getting involved, particularly in international trips, that is part of the mandate. That is part of the necessity of hustling for trade and development and markets. But once again, I am concerned about accountability and in showing that the trips that are taken are worth while, that they are as lean as they can be. I understand that the vast majority of these trips are not a safari. Once again, it is our job to examine these expenditures and to ensure that—

Hon. F. S. Miller: I may even—I am thinking out loud—but I have absolutely no objection or reason not to have a critic along with me sometimes on a trip. I think it might be a very useful thing from time to time to have a critic along. Seriously, to have a chance to appraise and see a trade mission abroad, I think it would be a useful experience if only to allow you to see what degree of preparation goes into it and what kind of work is done on them.

Certainly a good deal of the hours spent in Japan or in Indonesia are spent at a cocktail party somewhere, put on by the Canadian embassy, by Mitsubishi, or whoever, all kinds of companies. As you probably know, that is where a good deal of the business goes on.

As Jake Dunlap said to me with one of his witticisms the other day, "Would that I had more than one liver to donate to my nation."

Mr. Sweeney: The trouble is he had used it so much before you got him.

Mr. Foulds: I always drink soda. Let them drink soda.

Hon. F. S. Miller: I really think the best cure for your question may be to invite you along some time, and to let you see—

Mr. Foulds: You cannot buy me off that easily.

Hon. F. S. Miller: No, no; I am not trying to buy you off. I think the federal government does take people along on these things. I see no reason we should not have you exposed to that from time to time.

I will say they are a great education. They are fun at times. I cannot admit that I do not enjoy going to Indonesia. I cannot admit that on a Saturday or Sunday I do not take time off. But the thing is, it is all part of learning about those countries.

Mr. Foulds: But is there no way that you can reveal the detailed information I requested?

Hon. F. S. Miller: First, you assume it is

available. As I said, I cannot tell you how profitable some of those trips were; I do not know. I do not know how to quantify ours, and ours are probably more easily quantified. How would I tell you what happened when I, as Treasurer, went to Japan last year to discuss financial markets with the Japanese? We have not done a deal with the Japanese.

Mr. Foulds: Just outline the component costs of each of the trips and we can be the evaluators of the benefits.

Hon. F. S. Miller: I will be specific about one trip for which I could not give you a single, solitary result. It was undoubtedly costly. I can only tell you the purpose of that trip.

Ontario Hydro and the government of Ontario saw a set of financial institutions in the attempt to start getting dollar-denominated, not yen-denominated, issues floated in Japan, in the belief that this market is going to be an important source of capital in the future.

The very first group which asked to see me when I went back to Japan this time was Diawa Securities, which I had seen as Treasurer. They wanted to talk more about that issue, because they are moving that way, and I will bet that it is three or four more years before they do it.

If it happens, how do I tell you what that is worth to Ontario? It may be half a point in the interest rate on a \$200-million issue. It may be the very availability of money. That is why the quantification is sometimes much more difficult—

Mr. Foulds: Let me just ask you a straight question about the number, the personnel and the costs. Surely that can be answered.

Hon. F. S. Miller: I have not the foggiest idea what the costs were on that, but it is not just shared by government. It happens to be paid for in part by the syndicate members, in part by Hydro, and in part by the Ministry of Treasury and Economics.

Mr. Foulds: Surely you can understand my frustration.

Hon. F. S. Miller: I understand your frustration.

Mr. Foulds: When I put a question on the order paper at the beginning of October I am given an answer at the end of October and told to seek it through the estimates. Presumably you were given notice of the question.

Hon. F. S. Miller: I would say that most of our trade missions are fairly easily quantifiable. There is a budget for them. They are set up.

We know what part we would pay on the costs for company A, which is going along. I sign a

document that says I am authorizing the purchase of an airline ticket for someone going from here to Tokyo and back, or here to Dallas and back. That kind of thing is all on paper. That is just the nitty-gritty.

I do not know how you quantify some of the other trips that other ministers make, but ours are not that difficult to trace down. However, would be guided by my cabinet's policy on those things.

Mr. Foulds: You would be what?

Hon. F. S. Miller: I will have to be guided by the government's policy in terms of whether I do or do not tell you that.

Mr. Foulds: Will you give me a commitment that you will seek to get permission to reveal the detailed information I requested?

Hon. F. S. Miller: No, I will not.

Mr. Foulds: Why not?

Hon. F. S. Miller: I will give you a commitment that I will discuss it.

Mr. Foulds: I am not sure I like that. In fact, I am sure I do not like it.

Hon. F. S. Miller: Well, at least I have made you sure.

1:50 p.m.

No, I think I would have to—it is one of those things I have to talk about with people. I cannot be sure. I would like to listen to both sides. It is so easy to put you off today and say I will give you that commitment and then forget about it. I am quite willing to look into it for you.

Mr. Foulds: If I may say so, I think you should look into it with some seriousness.

Hon. F. S. Miller: I am taking it seriously.

Mr. Foulds: I think, if I may say so, you should take it seriously. I do not want to be pompous about this.

Hon. F. S. Miller: I accept it as a fair and genuine question, do not misunderstand me.

Mr. Foulds: When can I have an answer?

Hon. F. S. Miller: I do not know.

Mr. Foulds: This will be my last question on the estimates, if other people want to get in. I had a similar question which I put on the order paper last year with regard to the use of automobiles by ministries.

Do you have a policy on who gets automobiles, who gets assigned to them, who uses them?

Hon. F. S. Miller: How many automobiles do we have?

Mr. Ostry: The ministry does not have any automobiles.

Hon. F. S. Miller: The deputy and I, so far as we know, think he and I have the only two automobiles. I think we are pretty lean on that one.

Arn, would you like to come up, please?

Mr. Chairman: Come up to the microphone, please.

Hon. F. S. Miller: I think we are pretty lean on that one.

Mr. Chairman: Do you mind just stating your name and position, please?

Mr. Bronskill: Arnold Bronskill, executive director of administration, Ministry of Industry and Trade.

We have two cars, the minister's car and the deputy minister's car, and one other van which we use for moving stationery around from the warehouse to the Hearst Block and other missions that we do in town.

Mr. Foulds: What happens when you need to move personnel around in British Columbia or in other parts of Ontario?

Hon. F. S. Miller: In British Columbia they could use Urban Transportation Development Corp. vehicles.

Mr. G. I. Miller: UTDC in British Columbia only goes a couple of kilometres. It goes back and forth, but it works quite well.

Hon. F. S. Miller: What do you mean by that? Do we rent cars?

Mr. Foulds: Yes; or do you use other ministry cars, for example, if you have to fly in for a seminar in Thunder Bay?

Hon. F. S. Miller: Once in a while I have been driven by another ministry.

Mr. Girvin: A field officer usually meets the minister with his personal vehicle if there is a speaking engagement in Thunder Bay. Hopefully it would be a North American model.

Mr. Foulds: Then the ministry would pay mileage on it?

Mr. Girvin: That is correct. The industrial development officers, particularly in the north, have a very high mileage rate in the light of the geography they have to cover, but it is under the administrative guidelines as far as mileage allowance goes.

Mr. Foulds: Do you have any planes?

Hon. F. S. Miller: No, we have no planes.

Mr. Chairman: Do you have any more questions? We will go until two o'clock and then we

will adjourn for question period. Mr. Sweeney, would you want to carry on?

Mr. Sweeney: I think we were going to try to go a little bit beyond two o'clock until question period actually starts. There are some statements.

Mr. Chairman: There is only one short one so it is going to start near two o'clock.

Mr. Sweeney: Let me ask a couple of quick questions then and we can continue when we come back.

Minister, you made reference to the small business development corporation program. Let me say at the beginning that I concur, it is one of the more successful programs of this government. I am fully aware of the fact that it comes under the jurisdiction of the Ministry of Revenue.

The point, however, at least in my community, is that your local field offices have a great deal to do with helping local businesses get these funds, so therefore there is at least an indirect influence and concern on the part of your ministry.

I am sure you are quite aware of a couple of critical articles that were in the *Globe and Mail* on November 26 with respect to Nelma, the main concern being, if I may quote it, "The government has no effective control over, and little ability to monitor, the use of the new capital once it is in the hands of the small business or so-called 'target' company."

The minister would be well aware this creates some uncertainty and some lack of credibility in the minds of potential users.

What, if anything, is your ministry doing about that problem; and what, if anything, are you doing about it in conjunction with the Ministry of Revenue, that has to actually run the program?

Hon. F. S. Miller: I will have to answer by saying what our ministry is doing.

It was my understanding that our ministry's job was to be the liaison between the potential lender and the potential borrower; in effect keep a list of both and try to bring them into contact with each other. That is a program that I know pretty well in the sense that it was created while I was Treasurer and is one in which I took some part.

Consciously, when we designed the SBDC program—and it has been amended almost every year—we decided it should be left very loose in terms of regulations and definitions, for the simple reason that almost all venture capital attempts in the past have foundered on complexity.

It was consciously accepted that there was, therefore, some risk that the moneys may not be as usefully employed as we hoped they would be, but that risk was assumed to be worth the freedom from too many restrictions on how the money could be handled and used.

Over the years we have made minor changes as we found, let us say people who were very legal but cute in their use of those rules. Every so often you run into a case where there has been something done which is quite improper, or out of the spirit.

However, I found that most times the Ministry of Revenue would come to the Treasurer and simply say: "We have this rather interesting suggestion for the creation of an SBDC. We would like some input from you as to whether it is going to meet the spirit and intent as you see it."

The spirit and intent was not something that one could write down too clearly; it was something that had as an objective getting money invested in Ontario small businesses that would create jobs in the manufacturing sector. Sometimes people would bring in a scheme that was totally legal but did not meet that; it was marginal, so we would have to just vary it a bit.

Mr. Sweeney: Do you have any fix on how widespread this type of concern is?

Hon. F. S. Miller: No, I do not, and I cannot comment on that. I think it would have to be directed to the current Minister of Revenue (Mr. Gregory) to find that out.

Mr. Sweeney: Do you have any concern that this type of exposure is going to make people leary, gun-shy, about getting involved?

Hon. F. S. Miller: It may make them gun-shy, but I think that one of our big problems, no matter how safe something is, is that it is difficult to get Ontario residents to take those

risks. It is tough getting venture capital, period. It does not take too much to turn them off.

Mr. Sweeney: As you say, part of the role of your office, and this will be my last question, is to be the liaison between the person who has the money and the people who want to use it. If you are going to have more difficulty persuading people to part with their money because of this kind of exposure, then your ministry's effort are going to be reduced. Something has to be done.

Hon. F. S. Miller: You and I are not dealing with people, I hope, who are taking the money for the week's bread and putting it into venture capital. In the main we are dealing with people who have money to invest, who generally are relatively astute investors and willing to take certain risks.

Under that set of conditions—

Mr. Sweeney: A lot of this is offshore money by the way.

Hon. F. S. Miller: Okay, but I am trying to philosophize a bit. What we are trying to do there is make a system that works with the minimum amount of government regulation recognizing that there will be risks, both in the investment and sometimes in the people who are involved.

A few years back, when junior mines got a bad name because of actions that were not pure we took action under the Ontario Securities Commission which effectively eliminated the risk by eliminating the market.

My big fear is that the attempts to become so careful in analysing each potential investment could result in killing the whole system. Therefore, I think we have to let investors take certain risks.

Mr. Chairman: We will adjourn until immediately after question period.

The committee recessed at 2 p.m.

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Industry and Trade

Third Session, 32nd Parliament
Wednesday, December 14, 1983
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, December 14, 1983

The committee resumed at 3:23 p.m. in committee room 1.

ESTIMATES, MINISTRY OF
INDUSTRY AND TRADE
(concluded)

On vote 2201, ministry administration program:

Mr. Chairman: We see a very small quorum.

Mr. Sweeney: I would say it is a damned small quorum.

Hon. F. S. Miller: I say the quality is here.

Mr. Sweeney: Let us go on. Time is flying.

Mr. Chairman, I am referring to an address given by John Bulloch of the Canadian Federation of Independent Business back in March of this year. He pointed out at the time that total unemployment in Canada was 1.5 million. He went on to point out that between 700,000 and 800,000 fewer people were employed by small businesses in Canada dating back to January 1981.

The point he was making, and I am sure you have read it, is that roughly half of the unemployed in Canada—and the figures should relate to Ontario—came from small businesses. He also went on to point out that 66 per cent of the small businesses that were surveyed had no intention of increasing their employment levels.

There are two messages here. First of all, if we want to reduce unemployment in this province and in this country, then one of the places to go is to small business. You yourself have said that many times. But equally important is the announcement that two thirds of the small businesses indicate to the Canadian Federation of Independent Business through a survey that they had no intention of hiring more people, that they see themselves remaining stable as far as employment is concerned.

What is the Ministry of Industry and Trade doing specifically to encourage those 66 per cent of the small businesses who say they are not going to hire any more people to do so? This is only about five or six months old.

Hon. F. S. Miller: First, Mr. Chairman, I would be very suspicious that the comments made at that point would not necessarily be accurate today. If you asked me as a small

businessman whether I am going to hire anybody else, my answer would be, "No, unless my business gets better." But if you asked me whether I will hire somebody back once business gets better, I would say, "I won't until I am pushed, but I certainly will the moment I need them."

Small business people are not by their nature those who sit down and make long-range plans. They are people who hire and fire much more quickly than big corporations do. They have a lot fewer resources to weather the storm when things go badly, so they are much more susceptible to the vicissitudes of the marketplace. On the other hand, there is nobody more likely to start rehiring or extending hours than the small businessman once he has, in effect, worn himself and his family out in the process of trying to keep costs down.

In my riding, a number of Greek people have set up restaurants. Their classic way of surviving, and the Chinese have to do the same thing, is to use everybody in the family before you hire a body, to keep the overhead low. That is classically the way the small businessman has succeeded, by having the fewest number of paid employees.

The moment business can justify paying a payroll, you find them, with great relief, hiring some people, basically to relieve themselves of the onerous work loads. They are an amazingly resilient entity because people are willing to put in long hours until they survive bad times. If it were not so, most of them would not survive. I really think the upturn in the economy has already seen a good deal of those 190,000 jobs that we created in the small business sector by rehiring and by the ability of the business now to pay some more salaries.

Mr. Sweeney: Do you have any more specific suggestions for the Treasurer (Mr. Grossman), an office you held yourself fairly recently, in terms of his major statement that I understand is coming out tomorrow to assist small business in such ways that they can possibly hire more people?

Hon. F. S. Miller: First, how many people should a business hire? When I was Treasurer,

people kept saying: "Why do you lay off anybody in government? Why do you ask the hospitals to be more efficient?" When I was Minister of Health I had a bit of a reputation for asking hospitals to lay off people. I would say I will take that in the traditional mathematical sense and I will reduce the argument to the absurd. I can cure all unemployment in Ontario by ordering the entities that get government money to hire bodies. Obviously, that is absurd. The question is, how many should we hire? We should hire just those required to do the job. Right?

That is just as true of small business. They will hire those needed to do the job. If small business has a fault, as I mentioned a moment ago, it will be that often it overworks management, where they do not get paid for the extra hours, even when the job requires extra help.

How then to make them hire? We have some very effective systems. The Ontario youth employment program, which is offered mainly in the summer but last year worked across the winter, has given a subsidy of \$1.25 an hour for employers who hired youth. That is very effective because a person at the margin will say, "I cannot afford \$3.85 an hour, which will be minimum pay, but I can probably afford the \$2.60, so I will hire a student or young person." They will be pumping gas, say, or working the front of a small grocery store. That is a very effective way. The Ontario career action program is an effective way.

A number of the programs where you subsidize the cost of employment for a short time, particularly while the employer has a chance to appraise the competence of the employee so subsidized, have traditionally worked well. They serve two purposes, but the most important one in many cases for young people is not the money they earn but the job experience they get.

Mr. Sweeney: Do you have any records which indicate how many of those people get long-term jobs?

Hon. F. S. Miller: I have not. I think OCAP does. In that case, we have been surprisingly successful in helping people get long-term positions, but I cannot recite them from memory.

Mr. Sweeney: Last year during these estimates, I referred to a speech that was given in February 1982 by John Lang from the policy and priority division of the ministry. The point of that speech was his projection of the number of people involved in manufacturing.

If I can just quote those figures again, I will

make the connection in a minute. "In 1947, 30 per cent of the work force was involved. Today," and I assume today was February 1982, "it is 21 per cent." The projection for the year 2000 was from a low of two per cent to a high of 10 per cent. I just want to put that to one side. That is one projection.

3:30 p.m.

The other one I am referring to is a major headline in the *Globe and Mail* of May 4, 1983, which says, "Technology Will Cost Up To Two Million Jobs, Report Says." The minister, I am sure, is quite familiar with that federal government report.

The third reference I want to make is a comment made at Seneca College by his deputy minister. I am sorry I do not have the date but the deputy can probably tell you when it was. The reference may have been in response to a question by Dr. Ostry with respect to the disruption of traditional employment patterns by the new technologies. Specifically, I believe the deputy is referring to computer technology. He pointed out, "I have no answers," and went on to say the answers may be all around us and he gave some other examples.

What I am leading to in all these cases is that the province has embarked upon the new technologies, in many ways I think rightly so, yet comments from officials of the ministry, from the deputy, from a study done by the federal government, indicate these new technologies are going to cost jobs.

The point that seems to be made in each case, and the minister made a reference to this a little while earlier, is that, unlike in the past when new technologies cost some jobs initially then created even more jobs later, today's new technologies, according not only to the three sources I just quoted but to others, are not expected to do that. In planning for the use of the new technology in industry in Ontario, how are you taking into consideration the fact that not only in the short run but also in the long run we may have fewer jobs available?

Hon. F. S. Miller: I do not believe it. It is as simple as that. I was not around at the last revolution in technology but, as I recall, it was the widespread use of electricity. I think that was the last one accepted as being a major quantum leap. I certainly understand from my history that when the steam jenny or steam power came along, the same fear was evidenced.

I would have to ask these questions: Have we consumed fewer cars as we learned to make

them more efficiently with fewer man-hours? Have we consumed less paper as it became less costly? Have you satiated your needs for consumer products in your home? Have your neighbours satiated their needs? Is the world getting the level of consumer goods it wants? If it is not, why not? In most cases, the answer is because disposable income is not great enough to make the purchases, particularly in less developed nations.

Every time one changes the cost of a product so that it is obtainable by more people, it becomes easier to sell. The home computer would be one of the better examples right now. We have seen the price of computers dropping so fast that the price we think is a bargain today is twice as much as it will be six months from now. We find the market grows and grows and grows.

I thought one of the basic laws of economics was that human wants are limitless. As long as human wants are limitless, the only real limitation is disposable income. Disposable income is a function of the cost of basics, like food and shelter, and that is determined by your productivity. The more productive you are, the smaller the percentage of your total income that goes for that. There has probably been no greater revolution in productivity than in the agricultural industry in the last few years and, therefore, in North America we have very low cost food and we have disposable incomes that allow us to buy on this continent things that other nations only dream of.

I simply extrapolate all that and say that is exactly where the solution lies. Our success in terms of a nation will be in two areas: One, how quickly do we grasp the nettle and do it in terms of applying the knowledge? Two, how well do we retrain people to be components of the new labour force with the new skills required for a more automated society? Those are both solvable problems.

Mr. Sweeney: To quote an American union leader, robots do not buy cars.

Hon. F. S. Miller: That is right, nor do tractors, but would you do without tractors?

Mr. Sweeney: The concern I have is one that was expressed very pointedly by a professor from Wilfrid Laurier University a couple of months ago in Kitchener when the twin cities of Kitchener and Waterloo convened a conference on the question of unemployment. He pointed out that approximately 100 years ago, give or take a few years, roughly 50 per cent of

our population was engaged in agricultural pursuits and now we are below five per cent. We are facing the same thing with respect to manufacturing. It is very likely that the figures I used before, the 30-odd per cent, will be reduced to about five per cent.

The question is, if they are not engaged in manufacturing, what are they going to be doing and in what way are we taking that factor into consideration as we are going through the transition period?

Hon. F. S. Miller: I would say you are missing the area where the greatest revolution is going to take place and that is not in the factory but in the office.

Mr. Sweeney: There will be even fewer people there.

Hon. F. S. Miller: That is what I am saying. Indeed the office of tomorrow is being more and more automated.

Mr. Sweeney: That does not help the situation.

Hon. F. S. Miller: All I am saying is that as demand for products grows, the service industries have been the areas of fastest growth. Leisure industries have been an area of fast growth and will continue to be. Products that we currently do not buy, or buy in small numbers, will be bought in greater numbers.

I recall when I was a very young engineer I was sitting in a conference on something or other, quality control I believe, in Cleveland, circa 1948 or 1949. I do not know what steel company was in Cleveland—it was Hanna Mining Co. The president of the company was there and said: "I came into the company in 1919; it was in desperate shape, we were going to go broke. I came in and laid off X thousand people." I think he said they had 20,000 employees and he had laid off 2,000. He said: "I have been laying people off ever since 1919. We now have 125,000 employees."

What he meant by that was that as he undertook productive efficiencies, as the business grew it hired more people even though there were fewer man-hours per unit of production. That is the answer.

I just do not see that the modern revolution is any greater than any other except that the speed of change will cause, without doubt, a more disruptive impact upon our ability to adjust. Therein lies the problem, how quickly we can adjust and change, because traditionally there has been more time to adjust.

Mr. Sweeney: If we are going to make it more difficult for some of our young people to get into

colleges and universities as we are right now, and I do not need to argue that with the minister, what are the alternatives we are putting in place during this period? Surely you are not suggesting that all of these people become employees of McDonald's.

Hon. F. S. Miller: No, but a number of them may be and they may also become owners of McDonald's restaurants. There are two sides to that equation.

Mr. Sweeney: They need half a million dollars to start with.

Hon. F. S. Miller: Not really. That is what the place costs; it is not what you have to have. I will sell you a couple of little businesses for a lot less if you are interested. Just tell me what you can raise and Ontario Development Corp. will handle the balance.

3:40 p.m.

Mr. Sweeney: Mr. Chairman, can I go to a couple of specific questions with respect to the vote itself? Most of them are for clarification. I do not think they will take very long.

On page 4 of the minister's briefing book I notice that under the heading, "Ministry of Industry and Trade, Staff Summary, April 1983..."

It will be a lot easier to refer directly to a similar book.

Hon. F. S. Miller: What page are you on?

Mr. Sweeney: Page 4.

Hon. F. S. Miller: We are so well organized.

Mr. Sweeney: I realize that yours is different. It is going to be awkward all the way along if you do not have something similar.

Hon. F. S. Miller: Okay, you will have it there.

Mr. Sweeney: Why do you have the 10 unclassified staff under ministry administration?

Hon. F. S. Miller: Mr. Bronskill, do you want to come forward on that?

Mr. Bronskill: I am Mr. Bronskill, executive director of administration.

Mr. Chairman: Who is the other gentleman with you?

Mr. Bronskill: Les Horswill. He is the assistant deputy minister of information and support services.

Mr. Chairman: Thank you.

Mr. Bronskill: The 10 are the unclassified category of the staff who are in the minister's office. It is traditional that staff in the minister's office are usually in the unclassified category.

Mr. Sweeney: So there is nothing unusual about that?

Mr. Bronskill: No.

Hon. F. S. Miller: I think I only have one employee who is a civil servant in my personal office.

Mr. Sweeney: On the next page, just for clarification, in the final two columns at the top of the page is one headed "total" and one headed "on staff." In almost every single case the "on staff" number is lower than the "total" number. Why is that?

Hon. F. S. Miller: My understanding, although I stand to be corrected, is that we are authorized to have 28, but we have actually hired 27 at the present time. That means we are either searching for one or for budgetary reasons we are leaving the position open.

Mr. Sweeney: Some of the figures are quite significant, though, as you go down. For example, in the industry division, under innovation and product development it goes from 34 to 21. That is a pretty significant difference.

Hon. F. S. Miller: Specifically, I would have to be asked whether there was a reason for that one being underfilled.

Mr. Sweeney: If you take a quick look down, just about every single one of them is on it.

Hon. F. S. Miller: There are two methods of controlling expenses. Having been Treasurer, I have used them both. One is the dollar figure for salaries and the other is a complement figure.

There is a complement figure set by Management Board for each ministry through government. Each time we want to move one from one section to another or to increase them, they may authorize the money but not the complement sometimes. So sometimes you have to leave yourself some spare room in the complement.

Second, at the Treasurer's request, and this year I issued it almost on the day of the budget, there may be a constraint applied in the year of, say, \$300 million. You will recall that figure being used. That was the constraint I put on almost on the day the budget came out.

Management Board will then issue, sometimes on a prorated basis and sometimes on a selective basis, a constraint against ministries which effectively does not give them the money to pay the salary for a complement position that is authorized. You would then look through your ministry and say, "Where, in our opinion, can we afford to leave these positions open?"

Mr. Sweeney: Let me go down to a more specific question. Under your trade division, international offices, you have figures of 105 and 85. I am not overly concerned about the figures, but how are those trade offices staffed? Are they staffed from here or from there? What kinds of complement do you have and to what extent are they rotated? How is that done?

Hon. F. S. Miller: I would say they are staffed both from here and from there. George, you may wish to be specific on that.

Mr. MacDonell: I am George MacDonell, assistant deputy minister of trade. A typical trade office is staffed by two individuals from Ontario and two who are locally hired. Where the language is important, the locally hired people, of course, will have the language facility.

In Japan there is a variation to that, where all the staff, except the head of the post, are locally hired. So it is usually 50-50. The complement is usually four, and for every Ontario person, there is one locally hired.

Mr. Sweeney: Mr. MacDonell, are these people left in those offices over a fairly lengthy period of time or are they rotated from office to office? Are they rotated back to Ontario?

Mr. MacDonell: The Ontario people are rotated back to Ontario at the end of a four-year period. They normally stay in Ontario picking up whatever skills we think they need, and then they go back to the foreign service in a different posting.

The experience with the locally hired people is that they normally stay a much longer time in the post. They are not rotated to Ontario.

Mr. Sweeney: Okay. Thank you for that.

I notice under this first vote that the most significant change in costs is under item 7, analysis and planning. It seems to be a relatively new venture for the ministry to have an analysis and planning branch within the ministry administration office. I notice that under the next two votes, the industry and trade programs, you also have planning divisions. The first obvious question is, since you have them under your two major divisions, why do you need one in the administration office itself? By the way, I am referring to pages 1-20 and 1-21 in my book.

There is a note at the bottom of page 1-20 that the \$347,903 expenditure in 1982-83 includes the policy secretariat. I am a little bit confused as to how that all fits together.

Hon. F. S. Miller: The deputy will give you a detailed answer, but the policy secretariat which was created replaced a former entity called, I

think, policy and planning, which existed some while back. It was a change effected, I think, during the current fiscal year. It is responsible for longer-range planning than that by the people who have a planning function in the line sides of the ministry, the other two sections.

Mr. Sweeney: Can you give me some examples of that? I find it difficult to understand how your industry and trade divisions would have their planning functions—and there is a fairly significant budget allocated to them—and then you would have this other one. As a former bureaucrat, I have visions of duplication, overlapping, infighting and all those kinds of things. Why have it?

Mr. Ostry: I will try to give you assurance in the best way I can with respect to the lack of duplication and infighting or however else you want to describe it.

As the minister said, there had been a substantial unit for policy and planning. When the ministry was restructured, it was agreed by those of us who were involved in the process that it would be useful not to have that large group in policy and planning separated out from the line divisions where the day-to-day activities were taking place, that it was not a good way to plan or to provide policies in the short term. The directors of the industrial and trade divisions are here.

When an auto issue emerges on the front page, for example, or when there is a phone call about layoffs or anything else, there are invariably short-term issues involved as to why something has occurred and answers are required. That is very different from people collecting data on a five- or eight-year process trying to plan a policy for the ministry that may go beyond the cycle of the government.

It was decided to ensure that the trade and industry divisions had people for short-term and medium-term policy close to the people who had to carry out the programs. Most of the people would go in there, and all the reallocation that took place was done within the existing resources at the time. It was not new money for bodies added to that. The unit that now reports to my office on policy is very small.

3:50 p.m.

Hon. F. S. Miller: Six, I think.

Mr. Ostry: Yes, it is six. The areas they engage in are related to co-ordination of the policy area, if the minister needs advice in his role in the Board of Industrial Leadership and Development or when we are preparing submis-

sions with Treasury and Economics or the Macdonald commission or for first ministers or that kind of thing, as well as the long-term planning I think you are familiar with.

Mr. Sweeney: Is there anything significant about the use of the term "policy secretariat"?

Mr. Ostry: Only that we had to find a title that separated it out from the other two units.

Hon. F. S. Miller: It is a common term. In the ministries I have had before, three out of four have had a policy secretariat or that type of name and, in effect, did the same kind of work. It is not an uncommon function.

The key point is that the \$644,000 came out of existing budgets within the ministry rather than being given to the ministry as more money to spend. I do not believe our complement changed. I am going to guess that too.

Mr. Sweeney: Why would it require Management Board approval then?

Hon. F. S. Miller: Because we have restructured our organization. The board looks at all restructurings of organizations.

Mr. Ostry: We have to have their approval.

Mr. Sweeney: Even though you do not spend more money or hire more staff?

Mr. Ostry: That is correct.

Hon. F. S. Miller: We cannot change from votes without their approval.

Mr. Sweeney: That answers that question.

Mr. Chairman, I do not see too much competition here. I have a couple of other minor questions, unless you have somebody on your list who wants to speak.

Mr. Chairman: No. Mr. Foulds has said he is finished, and there is nobody else, as far as I am concerned, who wants to speak. If you are on vote 2201, we could proceed with it.

Mr. Sweeney: I have a couple of general questions, and I do not know where else they would fit easily. I do not think it makes much difference. I am not going to spend much time on them.

I would like to come back to the question of the auto task force. My reading of the problem suggests fairly strongly that it is almost impossible for Canada and, when we are talking about the automotive business, for Ontario to do anything in isolation from the United States because we really do not have a Canadian or Ontario auto industry. We have a North American auto industry.

To what extent is this North American dimension of the automotive industry a factor in your

considerations in dealing with the federal government with respect to such things as content legislation, quotas and so on? How do you work with that?

Hon. F. S. Miller: There is a dimension of accuracy in what you are saying. We cannot pretend we can singlehandedly shape an auto policy. Our negotiations for quotas or whatever are greatly influenced by the stand Americans take. That does not totally limit our ability to make some deals.

Volkswagen is an example where in dealing with a specific company the federal and provincial governments convinced it to have a certain level of Canadian content. It was a little easier there because they had some duty remission to earn, they wanted to put a plant in Ontario and they wanted some assistance. So we had a specific request that allowed us to set a series of conditions.

The key point is we were able to set a series of conditions that created in Canada 85 per cent of the value of Volkswagens sold in Canada. It was done voluntarily without any kind of legislation, but it was done.

Mr. Sweeney: I think the minister is well aware of the fact that the big problem is Japan, not Europe. They are not going to do it.

Hon. F. S. Miller: I understand that, but this could have been done in the US because that is where the American Volkswagen assembly plants are. These parts are shipped to the US. The same can apply to Honda.

I was delighted yesterday when I was sitting in the office of the Premier (Mr. Davis) to hear one of the steel company presidents say he was also a chairman of Rockwell International and that the factory in my riding at Bracebridge, not that I want to mention it, had just won a contract for parts with Honda in the US. That has to be rather good news not just for me and for my riding but for Canadians. It is the kind of thing we are trying to do. To date, we have not had much luck, as I recall, in trying to impress upon the Japanese that they should procure some parts in Canada.

I think the Japanese are beginning to realize we are their seventh or eighth most important market in the world for exports and that we deserve to be treated with some of the kind of investment respect, if that is the word, they have given elsewhere. There are some chances we will get our fair share of value added, be it through parts or any other route—probably parts—by negotiating and perhaps requiring

some degree of content. I would not say it is a lost battle at all.

Mr. Sweeney: Perhaps I can put it into slightly different focus and you will see what I am getting at. The impression I am getting is the United States is very much disinclined to go the mandatory content route. As a matter of fact, part of the irony is that the heads of the major automotive companies in the US, unlike the head of one of the same companies in Canada, are disinclined to support it.

I am sure the minister is aware that here in Canada we have the head of General Motors supporting the task force report. In the United States we have the head of General Motors saying, "No way do we want content legislation." It is understandable in the US because they have a deal going with Toyota and they do not want to squelch it.

If the general tendency in the US is to say, "No way," is it even possible to do it in Canada, other than a Volkswagen deal here and there?

Hon. F. S. Miller: Those cars are not counted as North American cars. I understand they still have quota problems. If they want to get into our market, they have a reason to be dealing with us.

Mr. Sweeney: Do we have enough—what is the word I am hunting for?—

Hon. F. S. Miller: Leverage.

Mr. Sweeney: —clout, leverage, whatever we call it to operate independently of the US?

Hon. F. S. Miller: I think you and I have a vested interest to believe we have enough clout.

Mr. Sweeney: I do not know.

Hon. F. S. Miller: I do not know either, but in a poker game I am not about to pretend I do not.

Mr. Sweeney: I have one final question under this vote. When the famous Board of Industrial Leadership and Development announcement was made in January or February 1981—

Hon. F. S. Miller: I believe it was January 28, a day which will go down in the annals of history.

Mr. Sweeney: It sure will.

Mr. Foulds: You are not saying how.

Mr. Sweeney: One of the points that was clearly made was that it was the intention the Ontario government would put half of that money into the pot, roughly \$750 million, and the private sector and the federal government would put in the other half. That is where the \$1.5 billion was supposed to come from.

I have yet to hear that either of your other two involuntary partners have put in their share or

have any intention of putting in their shares. Could you bring me up to date as to what is happening?

Hon. F. S. Miller: I cannot give you the figures for the private sector. The success, while not that estimated, is real. There is private sector money. I guess the biotechnology centre would be an example of that type of thing.

Mr. Sweeney: In Mississauga?

Hon. F. S. Miller: Allelix, where the federal government has half the ownership, something of that nature. Labatt's has—is it 30 per cent?

Interjection: Canada Development Corp.

Hon. F. S. Miller: CDC, and we have a balance. There was an investment made there. There are one or two others. We have had a remarkably dry period of federal-provincial co-operation for some time until yesterday with the Messerschmitt-Bolkow-Blohm deal. I think that was on the basis of policy. I know we let the federal government know in advance we wanted it as a partner and had reason to believe it would be. We did not have guarantees, but we had reason to believe it because co-operation seemed to be more the order of the day than confrontation.

Something happened around that period of time which, both on the Department of Regional Economic Expansion front and in many other areas, has made co-operative, jointly financed ventures harder to initiate for about three years.

4 p.m.

Mr. Sweeney: You are criticizing them all the time; so what do you expect?

Hon. F. S. Miller: Far from it. If any province has had a track record of standing up often on very unpopular issues with the federal government, Ontario has had it.

You heard the Premier in the past couple of weeks supporting the foreign efforts of the Prime Minister. You have seen us stand up and support the Charter of Rights and Freedoms. You have seen us stand up and give credit for quite a few things. Sure we disagree. I disagree with the Conservatives at times.

Mr. Foulds: Could not the announcement of the Board of Industrial Leadership and Development itself, particularly with regard to some of the joint funding—I know this is certainly the case with regard to the funding over the shipyards in a sense by announcing it before consulting adequately ahead of time with the federal government—have queered some of the deal?

Hon. F. S. Miller: Not really. Indeed, that is exactly what we had done in consulting them. In

fact, one or two of the ministers were honest enough to tell us quite directly.

De Bané for example, when he was heading the operations, told me that as a matter of policy the Prime Minister of Canada said: "There shall not be any more joint deals. To hell with the provinces." It was not Ontario but the provinces. It was not aimed at Ontario; it was aimed basically at some of the provinces that had given them some trouble. He said it quite clearly.

Mr. Foulds: To his ministers.

Hon. F. S. Miller: To me, in the presence of two or three witnesses.

Mr. Foulds: De Bané said it to you?

Hon. F. S. Miller: He was not being threatening. He was just being very honest.

Vote 2201 agreed to.

Hon. F. S. Miller: For the uninitiated, we just did about a month's work in the last 10 seconds.

On vote 2202, industry program:

Mr. Sweeney: Moving into the industry program, I have only two questions, Mr. Chairman. The first one is with respect to the reference to the \$75 million being invested, I guess again involuntarily, in Massey-Ferguson.

Hon. F. S. Miller: Which page are you on?

Mr. Sweeney: Page 2-13.

I am just using that as a reference point. What I really wanted to speak to was a Globe and Mail article dated March 4, 1983, which pointed out that the government of Ontario ends up with three million common shares, and five million go to the federal government, I guess.

What exactly does that mean? You hold these three million shares and you have invested, for all practical purposes, \$75 million. I think it was in the auditor's report where I read that the money has been written off as a bad investment, it is not even considered an asset. Where are we at?

Hon. F. S. Miller: I do not think that is really our major concern.

Mr. Sweeney: What have you got?

Hon. F. S. Miller: We have shares that may or may not be worth something, period. If the company survives, they will be saleable; but if the company does not survive, they are not worth anything. However, any time the province invests in almost any asset that is not held by a crown corporation, we do not have a book value for it. If we buy a new hospital, we have no book value for it, or if we buy a new highway, we have no book value for it; we just write them off.

That was the essence of the question your

leader asked me today in advance on the Kingston Whig-Standard deal. We call everything a deficit even though there may be an asset to back up the spending, because we write off its expense in the year of acquisition. We have paid \$75 million for it, but it may be worth \$10 or \$200 million; we are treating it as an asset that is worth nothing.

Mr. Sweeney: At the present time.

Hon. F. S. Miller: That will have no influence at all upon what we really get for it. First, we have to find somebody at some time who will buy the asset, and believe me, it would be for sale. Second, the market has to have a value for that asset that treats it as worth something.

It is one of those cases where our guarantee was called. It was not a decision to purchase, it was a guarantee which was called. But our terms and conditions of the deal were that if our guarantee was called, we got the asset. It was like having a mortgage on the house; we got the house and no one is living in it.

Mr. Foulds: Under item 2, industrial policy and analysis, I want to raise with this ministry a concern of my colleague the member for Lake Nipigon (Mr. Stokes). I am reminded of it because I was involved in it, as the minister will recall from his years as Minister of Natural Resources.

One of the big concerns of communities in the north that are on a resource base, and particularly mining, is that the mine runs out. Once you take the first shovelful out of the ground, it is the first day in the death of the community. That happened at Atikokan, it has happened at Geraldton in the past and so on.

Right now we have a gold find of considerable richness at Hemlo, and we have the three communities of Manitouwadge, White River and Marathon all competing to get residential development to serve what will be the mine in Hemlo, which is roughly equidistant from each of the three communities.

What I would like to know is whether there is anybody in the industrial policy and analysis branch who takes an initiative when we have a resource find such as that, who starts now to develop programs for diversification so that the population is not dispersed when the mine exhausts itself? What programs do you start now?

This is where I, as an interventionist, probably clash with you. Does the government and your ministry feel they have a responsibility now to start planning, to start some alternative

development there so that 20 or 25 years down the road when that mine runs out, the communities that have been expanded to meet the needs of that mine do not suffer a contraction amounting to a bust?

Hon. F. S. Miller: Look at Atikokan. Sure, Atikokan suffered a contraction, but I bet it is in amazingly good condition compared to that which people were predicting in 1974. The first time I went to Atikokan was in 1974, and it had very much to do with what you are saying. I was Minister of Health, and Atikokan was just a name. While I was a kid in school, they drained a lake and found a mine and all the things that went on there at Steep Rock.

The hospital was built by the company, I guess, in the early days. It failed to pass just about any test of the fire marshal or whatever in the process. My staff had said to me, as a brand-new minister, "The first hospital you will have to condemn is the one at Atikokan." I was going up to that general area with Margaret Birch on May 31, 1974, and I dropped off in Atikokan for a spare day to tell them the good news that I was indeed going to close the hospital.

Mr. Sweeney: Did they throw snowballs at you?

Hon. F. S. Miller: No, it was summer.

I expected to see a community that was on its last legs. I had been reading reports. I went in and I saw a vibrant community, with good houses, nice streets and lots of spirit. I talked to the mines, and they said that indeed they would close down in the 35th year on schedule, whatever it was. I looked around me and said, "This community isn't going to go away." So I made a decision—I never knew I could not make them; so I made one—and I said, "Build a new hospital, because you will be here."

That little story only exemplifies that in the past few years Atikokan has suffered a number of crises, but the community has remained intact. Sure, it will not be as vibrant as it was, but it does have some industry. I do not know that we can guarantee that kind of happy ending for every community, but most of the communities maintain a degree of confidence. They do not become the ghost towns that were traditionally the western mining towns of old.

4:10 p.m.

Mr. Foulds: Just let me interrupt you. Atikokan has lost 2,000 people.

Hon. F. S. Miller: I recognize what has happened.

Mr. Foulds: What I am saying is that if they had started planning when Atikokan started, when the mine started—

Hon. F. S. Miller: You assume there are things you can put there. That is one of the tough, tough assumptions.

Mr. Foulds: I am assuming you have to try, but if you do not look, you are going to go nowhere.

Hon. F. S. Miller: We do try.

Mr. Foulds: Nothing happened in Atikokan until the companies announced they were closing the mines.

Hon. F. S. Miller: Pluswood was there before that.

Mr. Foulds: But nothing was done by the government to take any initiative until the crisis came upon us. What I am suggesting to you now is that you try to do the planning before the crisis starts. I see that as a reasonable request.

Hon. F. S. Miller: I am not saying it is not reasonable. You are being a little too harsh on the government too. I am simply saying the idea that because there is a mine, there is going to be a reason for a company to go there is not valid. That is all.

Mr. Foulds: That is not what I said.

Hon. F. S. Miller: The Ministry of Northern Affairs under Mr. Bernier was quite active in that community.

Mr. Foulds: After the fact.

Hon. F. S. Miller: Listen to me. The hospital was the first decision that meant the community would live.

Mr. Foulds: Yes, but a hospital is not an ultimate industry. You are providing a service. I recognize that and see that as being important.

Hon. F. S. Miller: How many people work there?

Mr. Foulds: I also see the jobs associated with it as being important. But—

Hon. F. S. Miller: Pluswood went there because there was a community, right? It did not go there just because there was wood nearby. There was a community that was in existence. The employees of a number of pulp mills function out of there. In the operations of Great Lakes and so on, there would be employees who live in Atikokan and live in the camp. As the community was created for a mine, other people found the nucleus of that community was a good harbour for some employees, that is all.

Mr. Chairman: I think we have used a fair bit of time on this. Mr. Sweeney is not finished yet.

Mr. Foulds: I am sorry.

Mr. Chairman: Do you have anything more on vote 2202?

Mr. Sweeney: Yes, I have a question relating to page 2-16 in my workbook. It is vote 2202, under the heading "Selective Placement." The minister is perhaps aware of the fact that I have questioned the Minister of Colleges and Universities (Miss Stephenson) a number of times about the match between what is being offered with respect to skilled training and what the need is. I notice in this section there is a very pointed reference to that. The text under that heading is as follows:

"Employer skill search—the lack of skilled tradesmen and experienced technical/professional personnel has, for the past few years, reduced productivity, required many companies to turn down orders and is threatening the future skill training programs."

That is put in even stronger language than I have used more recently. What exactly are you and the ministry responsible for manpower training—I suspect the Ministry of Labour is involved in this as well—doing about a statement such as that?

Hon. F. S. Miller: A good deal was done and a lot of it was undone by the recession. You know that too. Three years ago it seemed to me we were spending all of our time trying to find ways and means of encouraging small businesses and big businesses which had skill training programs, because we were trying to recruit abroad and the recruitment abroad was drying up.

Traditional places such as Great Britain were not producing tool and die makers, to cite the classic case, as easily as they once did. We also saw that the greatest single limitation to the growth in Canada was the creation of technical people at a rate we needed. This was before the cancellation of the megaprojects. As a result, the Ontario Manpower Commission was created almost with that as its single objective: how to encourage industries of this province to train people.

You then get into all the work rules that apply in the work place, union agreements and so on, when the apprentices who had been enlisted did not finish the programs. I am sure Miss Stephenson has told you just how many people have enrolled in those programs. Many of them, unfortunately, do not complete them. That is because they are laid off on almost a priority basis. She has been

trying, as I assume has the Minister of Labour (Mr. Ramsay), to find ways and means of getting around that.

I guess we are going to face a problem. If we are going to meet only until 4:30 p.m., how do you want to split our time on the votes?

Mr. Chairman: I think Mr. Sweeney is pretty nearly finished.

Mr. Sweeney: I think I can reduce all the questions I have left to two. We will let the rest of them go until next year, I guess.

Mr. Chairman: I think Mr. Kennedy had one on vote 2202, just a short one.

Mr. Kennedy: Should I go now?

Mr. Chairman: Will you allow him to have that now?

Mr. Sweeney: Yes, go ahead.

Mr. Kennedy: I have a question on the Ontario Research Foundation. I note that Mr. Midghall, the new president of the ORF, is here. I had the opportunity to meet him earlier in the year and wish him well in his new endeavours.

I note an added \$500,000 in the estimates for ORF support. I was wondering if I could have some comment on just what this means to the ORF in its endeavours.

Hon. F. S. Miller: Maybe Mr. Midghall would like to answer that himself.

Mr. Kennedy: I am not sure if he has been in the post long enough to be familiar with the total budget of the ministry.

Hon. F. S. Miller: I want to indoctrinate him into the process. Vote 2202, item 7.

Mr. Midghall: Yes. I am Paul Midghall, president of the Ontario Research Foundation.

I think, Mr. Kennedy, that many of the things that have been said here today relate to the importance of the kind of work we do at the Ontario Research Foundation. I have only been in the job for a couple of months, so there is a lot more to learn. However, it seems to me that we are in an age of reindustrialization, of the new technology that has been referred to. The Ontario Research Foundation serves well over 2,000 industrial clients in a year. It is a very, very good record.

I have not heard it too much here today. However, a key issue we all have to face is the question of productivity in the country, in Ontario, in manufacturing. The ORF, in effect, is a productivity improvement house. In this age, when we need to improve productivity, when we particularly need to help small and medium-sized enterprises that produce and cre-

ate a lot of new jobs, there is a new and more important role for the Ontario Research Foundation than there has ever been.

I would like to suggest that we continue to give the grant to the ORF. If there is any way at all to improve it, we think we can put the funds to the very best of use.

Mr. Kennedy: What proportion of your revenue is from crown clients?

Mr. Midghall: If we include the government agencies as clients, where we do proposal contract work on a fee basis, then it is about 80 per cent, including the government contract work. I will say it in another way. Direct industrial clients would be roughly half of our work; the other half would be government work.

Mr. Kennedy: Does anyone have an answer for the extra \$500,000?

Mr. Girvin: Perhaps the transfer payment does go through the industry division. In 1983-84 it was broken up into \$3.9 million for operating costs and \$850,000 for capital equipment in order to upgrade the facilities of the Ontario Research Foundation, as far as capital grants go.

We increased the operating grant by \$400,000 and the capital equipment grant by \$100,000 in the interests of the balance in terms of productivity and the bottom line they were facing as far as the general recession went. Their revenues were down.

We were not cannibalizing against competing private sector consulting firms and we felt that the Ontario Research Foundation should be awarded this increase.

Mr. Foulds: What do you mean by "not cannibalizing"? I do not understand.

Mr. Girvin: The Ontario Research Foundation's mandate is to assist small and medium-sized companies. We have a delicate balance between the 20 to 25 per cent subsidy provided to the Ontario Research Foundation, both in capital and operating, and similar institutions that are in the private sector. The ORF has carved out a market niche that is not in direct competition with those employing people in the private sector.

4:20 p.m.

Mr. Kennedy: Is the foundation maintaining the number of employees and staff? Is it running about even? Are there any significant changes in bringing in new people or new functions in the light of modern technology?

Mr. Midghall: Dr. Jones, the vice president of operations, might be able to elaborate more, but prior to the recent recession the foundation had an appointment level of roughly 400. It now is down to about 360, as the foundation found a need in the last year or two to reduce the number of people. We expect to increase the number in the next period.

Mr. Chairman: Does that answer your question?

Mr. Kennedy: Yes. I will let Mr. Sweeney take over.

Mr. Sweeney: As I said, Mr. Chairman, I have two very brief ones. First of all, I am referring to the Ontario Development Corp. statement on page 2.

Hon. F. S. Miller: Are we past vote 2202?

Mr. Sweeney: Yes, in the interests of time, votes 2202 and 2203.

Vote 2202 agreed to.

Vote 2203 agreed to.

On vote 2204, Ontario development corporations program:

Mr. Sweeney: Mr. Chairman, I have already drawn to the minister's attention my concern about the reduction in assistance in eastern Ontario under the development corporations. I pointed out to the minister that in response to an answer I got last year, even in the most recent report there is not even a proportion with respect to population.

I notice in the 1981-82 annual report on the development corporations the then Minister of Industry and Trade, and I am not sure which of the minister's predecessors it was, made this observation: "In the turbulent economy that we have experienced over the past several years, an agency whose focus is small business and regional development becomes increasingly important." Yet on page 4-2 of your budget statement I notice the Eastern Ontario Development Corp. will have allocated to it this year \$2.1 million less than last year.

There does seem to be a contradiction. If the previous ministers believed that even in down times you needed to be more concerned about regional development in small business, why would you spend even less money? We have argued that has been decreasing every single year since you started.

Hon. F. S. Miller: Let me, first of all, point out the voted items are not the amounts loaned. I think that is something you should realize. The statutory items are the amounts loaned.

Mr. Sweeney: Could you clarify the difference, please?

Hon. F. S. Miller: There are operating costs for the business, like staff and employees, write-offs and interest subsidies. The amounts granted for lending purposes are the amounts shown, and they increased by \$200,000.

Mr. Sweeney: Where would I find that?

Hon. F. S. Miller: The statutory note at the bottom on page 4-2. You see the three items with an "S" beside them?

Mr. Sweeney: Yes.

Hon. F. S. Miller: Those are statutory nonvoted items. Those are the amounts available for lending.

Mr. Sweeney: You are telling me then that the \$200,000 is an increase in actual amounts loaned.

Hon. F. S. Miller: Yes.

Mr. Sweeney: What happened to that \$2 million then?

Hon. F. S. Miller: That is under operating costs, interest subsidies, write-offs, et al. If write-offs were lower, the amount would be lower. Correct?

Mr. Sweeney: These are bad loans. Is that what you mean?

Hon. F. S. Miller: Yes, from previous years.

Mr. Sweeney: That is positive to understand. My last question then, and I am now past vote 2204—

Mr. Foulds: I have one question. How do people get appointed to the various boards?

Hon. F. S. Miller: By politicians.

Mr. Foulds: Are they all—

Hon. F. S. Miller: You know the system as well as I do after all these years.

Mr. Foulds: No, I do not. As a matter of fact, I wish I did.

Mr. Chairman: I do not think that is a supplementary. Mr. Sweeney has another question.

Mr. Foulds: No, it is a question on the development corporations on that vote.

Hon. F. S. Miller: I know better than to play games. Since I have to go, I had better be brief.

I admit we get a lot of requests for names to be nominated to the board. There are not that many positions. If we took a rundown of the qualities, we usually take people from a geographic base of the area served. We try to get some people from, say, Hawkesbury in the

Eastern Ontario Development Corp., and some from Kingston. We try to get that mix.

For every one chosen, probably 15 or 20 names come to our attention. We try to choose people who have an understanding of their businesses in the area and bring some common sense and basic knowledge to it. Then the politics of the process take over. They go, I assume, before the advisory committees that make the recommendations for the orders in council and the appointments. Like any other process, it is politicized to some degree but not totally.

Mr. Foulds: Do all these people have business experience?

Hon. F. S. Miller: I would not say all have. I would say sometimes we want people with other experience, like legal experience or accounting experience.

Mr. Foulds: Anybody with any labour experience?

Hon. F. S. Miller: Yes. I cannot be specific as to which ones, but I would be glad to look into it. For example, in the IDEA Corp., which is quite different but uses the same kind of process, we have two people on the board of the IDEA Corp. who come from the labour movement.

Mr. Foulds: Is it true that you are not appointing any Tories from my riding until they defeat me?

Hon. F. S. Miller: I would not say that. I would hate to lose you.

Mr. Foulds: That is what the Tories are telling me.

Hon. F. S. Miller: But at the local level they get very hot.

Vote 2204 agreed to.

On vote 2205, technology centres co-ordination program:

Mr. Sweeney: This is my last question, Mr. Chairman.

On page 5-3 with respect to the technology centres, I noticed that reference is made at the top of page to both the IDEA Corp. and the technology centres; yet in the voted items themselves reference is made only to the technology centres. Are they included somewhere and I am just not finding it?

Hon. F. S. Miller: I cannot answer that. I need somebody to guide me.

Mr. Sweeney: I do not see any reference to it.

Mr. Barnes: I sit as secretary of the IDEA Corp. by virtue of my position, so to that extent I

act as a form of liaison between our ministry and the IDEA Corp. That is what the reference means.

Mr. Sweeney: So the funding for the IDEA Corp. is not included in this vote.

Mr. Barnes: No, it is not.

Mr. Sweeney: What is it included in?

Hon. F. S. Miller: Is it a Board of Industrial Leadership and Development vote?

Mr. Barnes: It is a BILD vote.

Hon. F. S. Miller: BILD money.

Mr. Sweeney: That is all. Thank you very much.

Mr. Foulds: How much do these cost?

Hon. F. S. Miller: I have no idea.

Interjection: What are they?

Mr. Foulds: They are the annual reports from the technology centres.

Hon. F. S. Miller: I do not know, but—

Mr. Chairman: He will give them to you.

Mr. Foulds: Fine. Thank you.

Vote 2205 agreed to.

Mr. Chairman: This completes the consideration of the estimates of the Ministry of Industry and Trade.

Supplementary estimates agreed to.

The committee adjourned at 4:29 p.m.

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Foulds, J. F. (Port Arthur NDP)

Kennedy, R. D. (Mississauga South PC)

McLean, A. K.; Chairman (Simcoe East PC)

Miller, Hon. F. S., Minister of Industry and Trade (Muskoka PC)

Sweeney, J. (Kitchener-Wilmot L)

From the Ministry of Industry and Trade:

Barnes, P. H., General Manager, Technology Centres Co-ordination and Development

Bronskill, A. S., Executive Director, Administration

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MacDonell, G. S., Assistant Deputy Minister, Trade

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